

1-1 By: Giddings (Senate Sponsor - Fraser) H.B. No. 1737
1-2 (In the Senate - Received from the House May 8, 2007;
1-3 May 10, 2007, read first time and referred to Committee on Business
1-4 and Commerce; May 16, 2007, reported favorably by the following
1-5 vote: Yeas 9, Nays 0; May 16, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to business entities and associations.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Section 1.002, Business Organizations Code, is
1-11 amended by amending Subdivision (43) and adding Subdivisions (69-a)
1-12 and (69-b) to read as follows:

1-13 (43) "Jurisdiction of formation" means:

1-14 (A) in the case of a domestic filing entity, this
1-15 state;

1-16 (B) in the case of a foreign ~~[filing]~~ entity for
1-17 which a certificate of formation or similar organizational
1-18 instrument is filed in connection with its formation, the
1-19 jurisdiction in which the entity's certificate of formation or
1-20 similar organizational instrument is filed; or

1-21 (C) in the case of a ~~[foreign or]~~ domestic
1-22 nonfiling entity or a foreign entity for which a certificate of
1-23 formation or similar organizational instrument is not filed in
1-24 connection with its formation:

1-25 (i) the jurisdiction the laws of which are
1-26 chosen in the entity's governing documents to govern its internal
1-27 affairs if that jurisdiction bears a reasonable relation to the
1-28 owners or members or to the ~~[domestic or foreign nonfiling]~~
1-29 entity's business and affairs under the principles of this state
1-30 that otherwise would apply to a contract among the owners or
1-31 members; or

1-32 (ii) if Subparagraph (i) does not apply,
1-33 the jurisdiction in which the entity has its chief executive
1-34 office.

1-35 (69-a) "Period of duration," in reference to when a
1-36 domestic entity is required to wind up its business and affairs:

1-37 (A) means:

1-38 (i) a specified term or period of time, such
1-39 as a specified number of months or years; or

1-40 (ii) a period that expires as of a specified
1-41 time or date; and

1-42 (B) does not include:

1-43 (i) a period that expires or whose
1-44 expiration is made contingent on the occurrence of a future event or
1-45 fact, other than the passage of time or the occurrence of a
1-46 specified time or date; or

1-47 (ii) a period specified to be perpetual.

1-48 (69-b) "Person" has the meaning assigned by Section
1-49 311.005, Government Code.

1-50 SECTION 2. Section 1.006, Business Organizations Code, is
1-51 amended to read as follows:

1-52 Sec. 1.006. SYNONYMOUS TERMS. To the extent not
1-53 inconsistent with the provisions of the constitution, ~~[and]~~ other
1-54 statutes or codes, and governing documents wherein such terms may
1-55 be found, and as the context requires, in this code, ~~[or]~~ any other
1-56 statute or code of this state, or any governing documents:

1-57 (1) a reference to "articles of incorporation,"
1-58 "articles of organization," "articles of association,"
1-59 "certificate of limited partnership," and "charter" includes a
1-60 "certificate of formation";

1-61 (2) a reference to "authorized capital stock" includes
1-62 "authorized shares";

1-63 (3) a reference to "capital stock" includes
1-64 "authorized and issued shares," "issued share," and "stated

2-1 capital";

2-2 (4) a reference to a "certificate of registration,"

2-3 "certificate of authority," and "permit to do business" includes

2-4 "registration";

2-5 (5) a reference to "stock" and "shares of stock"

2-6 includes "shares";

2-7 (6) a reference to "stockholder" includes

2-8 "shareholder";

2-9 (7) a reference to "no par stock" includes "shares

2-10 without par value";

2-11 (8) a reference to "paid-up capital" includes "stated

2-12 capital";

2-13 (9) a reference to "articles of merger" includes a

2-14 "certificate of merger";

2-15 (10) a reference to "articles of exchange" includes a

2-16 "certificate of exchange";

2-17 (11) a reference to "articles of conversion" includes

2-18 a "certificate of conversion";

2-19 (12) a reference to "articles of amendment" includes a

2-20 "certificate of amendment"; ~~and~~

2-21 (13) a reference to "articles of dissolution" or

2-22 "certificate of cancellation" includes a "certificate of

2-23 termination";

2-24 (14) a reference to "incorporator" includes an

2-25 "organizer";

2-26 (15) a reference to "certificate of authority to

2-27 transact business" includes a "registration to transact business";

2-28 (16) a reference to "regulations" in connection with a

2-29 limited liability company includes a "company agreement"; and

2-30 (17) a reference to "business corporation" includes a

2-31 "for-profit corporation." [termination.]

2-32 SECTION 3. Sections 1.008(g), (h), and (i), Business

2-33 Organizations Code, are amended to read as follows:

2-34 (g) The provisions of Chapters 151, 153, and 154 and the

2-35 provisions of Title 1 and Chapter 152 to the extent applicable to

2-36 limited partnerships may be cited as the "Texas Limited Partnership

2-37 Law."

2-38 (h) The provisions of Title 5 and the provisions of Title 1

2-39 and Chapters 20 and 21 to the extent applicable to real estate

2-40 investment trusts may be cited as the "Texas Real Estate Investment

2-41 Trust Law."

2-42 (i) The provisions of Chapter 251 and the provisions of

2-43 Title 1 and Chapters 20 and 22 to the extent applicable to

2-44 cooperative associations may be cited as the "Texas Cooperative

2-45 Association Law."

2-46 SECTION 4. Section 2.003, Business Organizations Code, is

2-47 amended to read as follows:

2-48 Sec. 2.003. GENERAL PROHIBITED PURPOSES. A domestic entity

2-49 may not:

2-50 (1) engage in a business or activity that:

2-51 (A) is expressly unlawful or prohibited by a law

2-52 of this state; or

2-53 (B) cannot lawfully be engaged in by that entity

2-54 under state law; or

2-55 ~~[(C) may not be engaged in by an entity without~~

2-56 ~~first obtaining a license under the laws of this state to engage in~~

2-57 ~~that business or activity and a license cannot lawfully be granted~~

2-58 ~~to the entity; or]~~

2-59 (2) operate as a:

2-60 (A) bank;

2-61 (B) trust company;

2-62 (C) savings association;

2-63 (D) insurance company;

2-64 (E) railroad company;

2-65 (F) cemetery organization, except as authorized

2-66 by Chapter 711, 712, or 715, Health and Safety Code; or

2-67 (G) abstract or title company governed by Title

2-68 11, Insurance Code.

2-69 SECTION 5. Section 2.007, Business Organizations Code, is

3-1 amended to read as follows:

3-2 Sec. 2.007. ADDITIONAL PROHIBITED ACTIVITIES OF FOR-PROFIT
3-3 CORPORATION. A for-profit corporation may not:

3-4 (1) operate a cooperative association, limited
3-5 cooperative association, or labor union;

3-6 (2) transact a combination of the businesses of:
3-7 (A) raising cattle and owning land for the
3-8 raising of cattle, other than operating and owning feedlots and
3-9 feeding cattle; and

3-10 (B) operating stockyards and slaughtering,
3-11 refrigerating, canning, curing, or packing meat; [~~or~~]

3-12 (3) engage in a combination of:

3-13 (A) the petroleum oil producing business in this
3-14 state; and

3-15 (B) the oil pipeline business in this state other
3-16 than through stock ownership in a for-profit corporation engaged in
3-17 the oil pipeline business and other than the ownership or operation
3-18 of private pipelines in and about the corporation's refineries,
3-19 fields, or stations; or

3-20 (4) engage in a business or activity that may not be
3-21 engaged in by a for-profit corporation without first obtaining a
3-22 license under the laws of this state and a license to engage in that
3-23 business or activity cannot lawfully be granted to the corporation.

3-24 SECTION 6. Section 2.010, Business Organizations Code, is
3-25 amended to read as follows:

3-26 Sec. 2.010. PROHIBITED ACTIVITIES OF NONPROFIT
3-27 CORPORATION. A nonprofit corporation may not be organized or
3-28 registered under this code to conduct its affairs in this state to:

3-29 (1) engage in or operate as a group hospital service,
3-30 rural credit union, agricultural and livestock pool, mutual loan
3-31 corporation, cooperative association under Chapter 251,
3-32 cooperative credit association, farmers' cooperative society,
3-33 Co-operative Marketing Act corporation, rural electric cooperative
3-34 corporation, telephone cooperative corporation, or fraternal
3-35 organization operating under the lodge system and incorporated
3-36 under Subchapter C, Chapter 23; [~~or~~]

3-37 (2) engage in water supply or sewer service except as
3-38 an entity incorporated under Chapter 67, Water Code; or

3-39 (3) engage in a business or activity that may not be
3-40 engaged in by a nonprofit corporation without first obtaining a
3-41 license under the laws of this state and a license to engage in that
3-42 business or activity cannot lawfully be granted to the corporation.

3-43 SECTION 7. Section 2.101, Business Organizations Code, is
3-44 amended to read as follows:

3-45 Sec. 2.101. GENERAL POWERS. Except as otherwise provided
3-46 by this code, a domestic entity has the same powers as an individual
3-47 to take action necessary or convenient to carry out its business and
3-48 affairs. Except as otherwise provided by this code, the powers of a
3-49 domestic entity include the power to:

3-50 (1) sue, be sued, and defend suit in the entity's
3-51 business name;

3-52 (2) have and alter a seal and use the seal or a
3-53 facsimile of it by impressing, affixing, or reproducing it;

3-54 (3) acquire, receive, own, hold, improve, use, and
3-55 deal in and with property or an interest in property;

3-56 (4) sell, convey, mortgage, pledge, lease, exchange,
3-57 and otherwise dispose of property;

3-58 (5) make contracts and guarantees;

3-59 (6) incur liabilities, borrow money, issue notes,
3-60 bonds, or other obligations, which may be convertible into, or
3-61 include the option to purchase, other securities or ownership
3-62 interests in the entity, and secure its obligations by mortgaging
3-63 or pledging its property, franchises, or income;

3-64 (7) lend money, invest its funds, and receive and hold
3-65 property as security for repayment [~~if the loan or assistance~~
3-66 ~~reasonably may be expected to benefit, directly or indirectly, the~~
3-67 ~~entity~~];

3-68 (8) acquire its own bonds, debentures, or other
3-69 evidences of indebtedness or obligations;

- 4-1 (9) acquire its own ownership interests, regardless of
 4-2 whether redeemable, and hold the ownership interests as treasury
 4-3 ownership interests or cancel or dispose of the ownership
 4-4 interests;
- 4-5 (10) be a promoter, organizer, owner, partner, member,
 4-6 associate, or manager of an organization;
- 4-7 (11) acquire, receive, own, hold, vote, use, pledge,
 4-8 and dispose of ownership interests in or securities issued by
 4-9 another person;
- 4-10 (12) conduct its business, locate its offices, and
 4-11 exercise the powers granted by this code to further its purposes, in
 4-12 or out of this state;
- 4-13 (13) lend money to, and otherwise assist, its
 4-14 managerial officials, owners, members, or employees as necessary or
 4-15 appropriate if the loan or assistance reasonably may be expected to
 4-16 benefit, directly or indirectly, the entity;
- 4-17 (14) elect or appoint officers and agents of the
 4-18 entity, establish the length of their terms, define their duties,
 4-19 and fix their compensation;
- 4-20 (15) pay pensions and establish pension plans, pension
 4-21 trusts, profit-sharing plans, bonus plans, and incentive plans for
 4-22 managerial officials, owners, members, or employees or former
 4-23 managerial officials, owners, members, or employees;
- 4-24 (16) indemnify and maintain liability insurance for
 4-25 managerial officials, owners, members, employees, and agents of the
 4-26 entity or the entity's affiliate;
- 4-27 (17) adopt and amend governing documents for managing
 4-28 the affairs of the entity subject to applicable law;
- 4-29 (18) make donations for the public welfare or for a
 4-30 charitable, scientific, or educational purpose;
- 4-31 (19) voluntarily wind up its business and activities
 4-32 and terminate its existence;
- 4-33 (20) transact business or take action that will aid
 4-34 governmental policy;
- 4-35 (21) renounce, in its certificate of formation or by
 4-36 action of its governing authority, an interest or expectancy of the
 4-37 entity in, or an interest or expectancy of the entity in being
 4-38 offered an opportunity to participate in, specified business
 4-39 opportunities or a specified class or category of business
 4-40 opportunities presented to the entity or one or more of its
 4-41 managerial officials or owners; and
- 4-42 (22) take other action necessary or appropriate to
 4-43 further the purposes of the entity.
- 4-44 SECTION 8. Section 2.104(a), Business Organizations Code,
 4-45 is amended to read as follows:
- 4-46 (a) In this section, "guaranty" means a guaranty, mortgage,
 4-47 pledge, security agreement, or other agreement making the domestic
 4-48 entity or its assets [~~secondarily~~] liable for another person's
 4-49 contract, security, or other obligation.
- 4-50 SECTION 9. Section 3.005(a), Business Organizations Code,
 4-51 is amended to read as follows:
- 4-52 (a) The certificate of formation must state:
- 4-53 (1) the name of the filing entity being formed;
- 4-54 (2) the type of filing entity being formed;
- 4-55 (3) for filing entities other than limited
 4-56 partnerships, the purpose or purposes for which the filing entity
 4-57 is formed, which may be stated to be or include any lawful purpose
 4-58 for that type of entity;
- 4-59 (4) for filing entities other than limited
 4-60 partnerships, the period of duration, if the entity is not formed to
 4-61 exist perpetually and is intended to have a specific period of
 4-62 duration;
- 4-63 (5) the street address of the initial registered
 4-64 office of the filing entity and the name of the initial registered
 4-65 agent of the filing entity at the office;
- 4-66 (6) the name and address of each:
- 4-67 (A) organizer for the filing entity, unless the
 4-68 entity is formed under a plan of conversion or merger;
- 4-69 (B) general partner, if the filing entity is a

5-1 limited partnership; or

5-2 (C) trust manager, if the filing entity is a real
5-3 estate investment trust;

5-4 (7) if the filing entity is formed under a plan of
5-5 conversion or merger, a statement to that effect and, if formed
5-6 under a plan of conversion, the name, address, date of formation,
5-7 prior form of organization, and jurisdiction of formation of the
5-8 converting entity; and

5-9 (8) any other information required by this code to be
5-10 included in the certificate of formation for the filing entity.

5-11 SECTION 10. Section 3.007, Business Organizations Code, is
5-12 amended to read as follows:

5-13 Sec. 3.007. SUPPLEMENTAL PROVISIONS REQUIRED IN
5-14 CERTIFICATE OF FORMATION OF FOR-PROFIT OR PROFESSIONAL
5-15 CORPORATION. (a) In addition to the information required by
5-16 Section 3.005, the certificate of formation of a for-profit or
5-17 professional corporation must state:

5-18 (1) the aggregate number of shares the corporation is
5-19 authorized to issue;

5-20 (2) if the shares the corporation is authorized to
5-21 issue consist of one class of shares only, the par value of each
5-22 share or a statement that each share is without par value;

5-23 (3) if the corporation is to be managed by a board of
5-24 directors, the number of directors constituting the initial board
5-25 of directors and the name and address of each person who will serve
5-26 as director until the first annual meeting of shareholders and
5-27 until a successor is elected and qualified; and

5-28 (4) if the corporation is to be managed pursuant to a
5-29 shareholders' agreement in a manner other than by a board of
5-30 directors, the name and address of each person who will perform the
5-31 functions required by this code to be performed by the initial board
5-32 of directors.

5-33 (b) If the shares a for-profit or professional corporation
5-34 is authorized to issue consist of more than one class of shares, the
5-35 certificate of formation of the [~~for-profit~~] corporation must, with
5-36 respect to each class, state:

5-37 (1) the designation of the class;

5-38 (2) the aggregate number of shares in the class;

5-39 (3) the par value of each share or a statement that
5-40 each share is without par value;

5-41 (4) the preferences, limitations, and relative rights
5-42 of the shares; and

5-43 (5) if the shares in a class the corporation is
5-44 authorized to issue consist of more than one series, the following
5-45 with respect to each series:

5-46 (A) the designation of the series;

5-47 (B) the aggregate number of shares in the series;

5-48 (C) any preferences, limitations, and relative
5-49 rights of the shares to the extent provided in the certificate of
5-50 formation; and

5-51 (D) any authority vested in the board of
5-52 directors to establish the series and set and determine the
5-53 preferences, limitations, and relative rights of the series.

5-54 (c) If the shareholders of a for-profit or professional
5-55 corporation are to have a preemptive right or cumulative voting
5-56 right, the certificate of formation of the [~~for-profit~~] corporation
5-57 must comply with Section 21.203 or 21.360, as appropriate.

5-58 SECTION 11. Section 3.008(a), Business Organizations Code,
5-59 is amended to read as follows:

5-60 (a) In addition to a provision required or permitted to be
5-61 stated in the certificate of formation of a for-profit or
5-62 professional corporation under Section 3.007, the certificate of
5-63 formation of a close corporation, whether original, amended, or
5-64 restated, must include the sentence, "This corporation is a close
5-65 corporation."

5-66 SECTION 12. Section 3.015, Business Organizations Code, is
5-67 amended by amending Subsection (a) and adding Subsection (c) to
5-68 read as follows:

5-69 (a) In addition to containing the information required

6-1 under Sections 3.005 and 3.014, the certificate of formation of a
 6-2 professional association must:

- 6-3 (1) be signed by each member of the association; and
- 6-4 (2) state:
 - 6-5 (A) the name and address of each original member
 - 6-6 of the association; ~~and~~
 - 6-7 (B) whether the association is to be governed by
 - 6-8 a board of directors or by an executive committee; and
 - 6-9 (C) the name and address of each person serving
 - 6-10 as an initial member of the board of directors or executive
 - 6-11 committee ~~[that a member of the association may not dissolve the~~
 - 6-12 ~~association independently of other members]~~ of the association.

6-13 (c) If the certificate of formation of a professional
 6-14 association contains provisions regarding shares in the
 6-15 association, the certificate of formation must also comply with
 6-16 Section 3.007.

6-17 SECTION 13. The heading to Section 3.060, Business
 6-18 Organizations Code, is amended to read as follows:

6-19 Sec. 3.060. SUPPLEMENTAL PROVISIONS FOR RESTATED
 6-20 CERTIFICATE OF FORMATION FOR FOR-PROFIT CORPORATION OR
 6-21 PROFESSIONAL CORPORATION.

6-22 SECTION 14. Section 3.060(a), Business Organizations Code,
 6-23 is amended to read as follows:

6-24 (a) In addition to the provisions authorized or required by
 6-25 Section 3.059, a restated certificate of formation for a for-profit
 6-26 corporation or professional corporation may update the current
 6-27 number of directors and the names and addresses of the persons
 6-28 serving as directors.

6-29 SECTION 15. Subchapter B, Chapter 3, Business Organizations
 6-30 Code, is amended by adding Section 3.0611 to read as follows:

6-31 Sec. 3.0611. SUPPLEMENTAL PROVISIONS FOR RESTATED
 6-32 CERTIFICATE OF FORMATION FOR LIMITED LIABILITY COMPANY. In
 6-33 addition to the provisions authorized or required by Section 3.059,
 6-34 a restated certificate of formation for a limited liability company
 6-35 may:

6-36 (1) if the company's certificate of formation states
 6-37 that the company will have one or more managers, update the names
 6-38 and addresses of the persons serving as managers; or

6-39 (2) if the certificate of formation states that the
 6-40 company will not have managers, update the names and addresses of
 6-41 the members of the company.

6-42 SECTION 16. Section 4.056(a), Business Organizations Code,
 6-43 is amended to read as follows:

6-44 (a) If the effect of a filing instrument is conditioned on
 6-45 the occurrence of a future event or fact, other than the passage of
 6-46 time, and the statement required by Section 4.055 is not filed
 6-47 before the expiration of the prescribed time, the filing instrument
 6-48 does not take effect. This section does not preclude the filing of
 6-49 a subsequent filing instrument required by this code to make the
 6-50 action ~~[event]~~ or transaction evidenced by the original filing
 6-51 instrument effective.

6-52 SECTION 17. Section 4.151, Business Organizations Code, is
 6-53 amended to read as follows:

6-54 Sec. 4.151. FILING FEES: ALL ENTITIES. The secretary of
 6-55 state shall impose the following fees:

- 6-56 (1) for filing a certificate of correction, \$15;
- 6-57 (2) for filing an application for reservation or
- 6-58 registration of a name, \$40;
- 6-59 (3) for filing a notice of transfer of a name
- 6-60 reservation ~~[or registration]~~, \$15;
- 6-61 (4) for filing an application for renewal of
- 6-62 registration of a name, \$40;
- 6-63 (5) for filing a certificate of merger or conversion,
- 6-64 other than a filing on behalf of a nonprofit corporation, \$300 plus,
- 6-65 with respect to a merger, any fee imposed for filing a certificate
- 6-66 of formation for each newly created filing entity or, with respect
- 6-67 to a conversion, the fee imposed for filing a certificate of
- 6-68 formation for the converted entity;
- 6-69 (6) for filing a certificate of exchange, \$300; and

7-1 (7) for preclearance of a filing instrument, \$50.

7-2 SECTION 18. Section 4.152, Business Organizations Code, is
7-3 amended to read as follows:

7-4 Sec. 4.152. FILING FEES: FOR-PROFIT CORPORATIONS. For a
7-5 filing by or for a for-profit corporation, the secretary of state
7-6 shall impose the following fees:

7-7 (1) for filing a certificate of formation, \$300;

7-8 (2) for filing a certificate of amendment, \$150;

7-9 (3) for filing an application of a foreign corporation
7-10 for registration to transact business in this state, \$750;

7-11 (4) for filing an application of a foreign corporation
7-12 for an amended registration to transact business in this state,
7-13 \$150;

7-14 (5) for filing a restated certificate of formation and
7-15 accompanying statement, \$300;

7-16 (6) for filing a statement of change of registered
7-17 office, registered agent, or both, \$15;

7-18 (7) for filing a statement of change of name or address
7-19 of a registered agent, \$15, except that the maximum fee for
7-20 simultaneous filings by a registered agent for more than one
7-21 corporation may not exceed \$750;

7-22 (8) for filing a statement of resolution establishing
7-23 one or more series of shares, \$15;

7-24 (9) for filing a certificate of termination, \$40;

7-25 (10) for filing a certificate of withdrawal of a
7-26 foreign corporation, \$15;

7-27 (11) for filing a certificate from the home state of a
7-28 foreign corporation that the corporation no longer exists in that
7-29 state, \$15;

7-30 (12) for filing a bylaw or agreement restricting
7-31 transfer of shares or securities other than as an amendment to the
7-32 certificate of formation, \$15;

7-33 (13) for filing an application for reinstatement of a
7-34 certificate of formation or registration as a foreign corporation
7-35 following forfeiture under the Tax Code, \$75;

7-36 (14) for filing an application for reinstatement of a
7-37 corporation or registration as a foreign corporation after
7-38 involuntary termination [~~dissolution~~] or revocation, \$75; and

7-39 (15) for filing any instrument as provided by this
7-40 code for which this section does not expressly provide a fee, \$15.

7-41 SECTION 19. Section 4.158, Business Organizations Code, is
7-42 amended to read as follows:

7-43 Sec. 4.158. FILING FEES: GENERAL PARTNERSHIPS. For a
7-44 filing by or for a general partnership, the secretary of state shall
7-45 impose the following fees:

7-46 (1) for filing a limited liability partnership
7-47 application, \$200 for each partner;

7-48 (2) for filing a limited liability partnership renewal
7-49 application, \$200 for each partner on the date of renewal;

7-50 (3) for filing an application for registration [a
7-51 statement of foreign qualification] by a foreign limited liability
7-52 partnership, \$200 for each partner in this state, except that the
7-53 maximum fee may not exceed \$750;

7-54 (4) for filing a renewal of registration by a foreign
7-55 limited liability partnership, \$200 for each partner in this state,
7-56 except that the maximum fee may not exceed \$750;

7-57 (5) for filing a certificate of amendment for a
7-58 domestic limited liability partnership, \$10, plus \$200 for each
7-59 partner added by the amendment;

7-60 (6) for filing a certificate of amendment for a
7-61 foreign limited liability partnership, \$10, plus \$200 for each
7-62 partner in this state added by amendment not to exceed \$750; and

7-63 (7) for filing any other filing instrument, the filing
7-64 fee imposed for a similar instrument under Section 4.155.

7-65 SECTION 20. The heading to Section 5.054, Business
7-66 Organizations Code, is amended to read as follows:

7-67 Sec. 5.054. NAME OF CORPORATION, FOREIGN CORPORATION, [~~OR~~]
7-68 PROFESSIONAL CORPORATION, OR FOREIGN PROFESSIONAL CORPORATION.

7-69 SECTION 21. Section 5.054(c), Business Organizations Code,

8-1 is amended to read as follows:

8-2 (c) Instead of a word or abbreviation required by Subsection
8-3 (a), the name of a professional corporation or foreign professional
8-4 corporation may contain the phrase "professional corporation" or an
8-5 abbreviation of the phrase.

8-6 SECTION 22. Section 5.055, Business Organizations Code, is
8-7 amended by amending Subsection (b) and adding Subsection (c) to
8-8 read as follows:

8-9 (b) The name of a domestic or foreign limited partnership
8-10 that is a limited liability limited partnership must also contain~~[-~~
8-11 [~~1~~] the phrase "limited liability partnership" or
8-12 [~~"limited liability limited partnership"; or~~
8-13 [~~2~~] an abbreviation of that phrase [~~one of those~~
8-14 ~~phrases~~].

8-15 (c) The name of a domestic or foreign limited partnership
8-16 that is a limited liability limited partnership complies with the
8-17 requirements of Subsections (a) and (b) if the name of the limited
8-18 partnership contains the phrase "limited liability limited
8-19 partnership" or an abbreviation of that phrase.

8-20 SECTION 23. The heading to Section 5.057, Business
8-21 Organizations Code, is amended to read as follows:

8-22 Sec. 5.057. NAME OF COOPERATIVE ASSOCIATION OR FOREIGN
8-23 COOPERATIVE ASSOCIATION.

8-24 SECTION 24. Section 5.057(a), Business Organizations Code,
8-25 is amended to read as follows:

8-26 (a) The name of a cooperative association or foreign
8-27 cooperative association must contain:

- 8-28 (1) the word "cooperative"; or
8-29 (2) an abbreviation of that word.

8-30 SECTION 25. Section 5.058, Business Organizations Code, is
8-31 amended to read as follows:

8-32 Sec. 5.058. NAME OF PROFESSIONAL ASSOCIATION OR FOREIGN
8-33 PROFESSIONAL ASSOCIATION. The name of a professional association
8-34 or foreign professional association must contain:

- 8-35 (1) the word "associated," "associates," or
8-36 "association";
8-37 (2) the phrase "professional association"; or
8-38 (3) an abbreviation of one of those words or that
8-39 phrase.

8-40 SECTION 26. Section 5.059, Business Organizations Code, is
8-41 amended to read as follows:

8-42 Sec. 5.059. NAME OF PROFESSIONAL LIMITED LIABILITY COMPANY
8-43 OR FOREIGN PROFESSIONAL LIMITED LIABILITY COMPANY. (a) The name of
8-44 a professional limited liability company or foreign professional
8-45 limited liability company must contain:

- 8-46 (1) the phrase "professional limited liability
8-47 company"; or
8-48 (2) an abbreviation of that phrase.

8-49 (b) A professional limited liability company or foreign
8-50 professional limited liability company formed before September 1,
8-51 1993, the name of which complied with the laws of this state on the
8-52 date of formation but does not comply with this section, is not
8-53 required to change its name.

8-54 SECTION 27. Section 5.060, Business Organizations Code, is
8-55 amended to read as follows:

8-56 Sec. 5.060. NAME OF PROFESSIONAL ENTITY OR FOREIGN
8-57 PROFESSIONAL ENTITY; CONFLICTS WITH OTHER LAW OR ETHICAL RULE. The
8-58 name of a professional entity or foreign professional entity must
8-59 not be contrary to a statute or regulation of this state that
8-60 governs a person who provides a professional service through the
8-61 professional entity or foreign professional entity, including a
8-62 rule of professional ethics.

8-63 SECTION 28. Section 5.201(b), Business Organizations Code,
8-64 is amended to read as follows:

8-65 (b) The registered agent:

- 8-66 (1) is an agent of the entity on whom may be served any
8-67 process, notice, or demand required or permitted by law to be served
8-68 on the entity;
8-69 (2) may be:

9-1 (A) an individual who is a resident of this
9-2 state; or

9-3 (B) an organization [~~a domestic entity or a~~
9-4 ~~foreign entity~~] that is registered or authorized to do business in
9-5 this state; and

9-6 (3) must maintain a business office at the same
9-7 address as the entity's registered office.

9-8 SECTION 29. The heading to Chapter 6, Business
9-9 Organizations Code, is amended to read as follows:

9-10 CHAPTER 6. MEETINGS AND VOTING FOR DOMESTIC ENTITIES

9-11 SECTION 30. Section 6.051(b), Business Organizations Code,
9-12 is amended to read as follows:

9-13 (b) Subject to this code and the governing documents of a
9-14 domestic entity, notice of a meeting that is:

9-15 (1) mailed is considered to be given [~~delivered~~] on
9-16 the date notice is deposited in the United States mail with postage
9-17 paid in an envelope addressed to the person at the person's address
9-18 as it appears on the ownership or membership records of the entity;
9-19 and

9-20 (2) transmitted by facsimile or electronic message is
9-21 considered to be given [~~delivered~~] when the facsimile or electronic
9-22 message is [~~successfully~~] transmitted to a facsimile number or an
9-23 electronic message address provided by the person, or to which the
9-24 person consents, for the purpose of receiving notice.

9-25 SECTION 31. Sections 6.053(d) and (e), Business
9-26 Organizations Code, are amended to read as follows:

9-27 (d) A certificate or other document filed with the filing
9-28 officer [~~secretary of state~~] as a result of a meeting held or an
9-29 action taken by a filing entity without giving notice of the meeting
9-30 or action to a person not entitled to notice under this section may
9-31 state that notice of the meeting or action was given to each person
9-32 entitled to notice.

9-33 (e) Notice of a meeting must be given to a person not
9-34 entitled to notice of the meeting under this section if the person
9-35 delivers to the filing entity a written notice of the person's
9-36 address.

9-37 SECTION 32. Section 6.101(d), Business Organizations Code,
9-38 is amended to read as follows:

9-39 (d) If the owners or members of a domestic [~~an~~] entity are
9-40 not otherwise determined under this section, the record date for
9-41 determining the owners or members of a domestic [~~an~~] entity is the
9-42 date on which:

9-43 (1) notice of the meeting is given [~~mailed~~] to the
9-44 owners or members entitled to notice of the meeting; or

9-45 (2) with respect to a distribution, other than a
9-46 distribution involving a purchase or redemption by the domestic
9-47 entity of any of its own securities, the governing authority adopts
9-48 the resolution declaring the distribution.

9-49 SECTION 33. Section 6.102, Business Organizations Code, is
9-50 amended to read as follows:

9-51 Sec. 6.102. RECORD DATE FOR WRITTEN CONSENT TO ACTION. (a)
9-52 Subject to this code and the governing documents of a domestic [~~an~~]
9-53 entity, the governing authority of the domestic entity may provide
9-54 the record date for determining the owners or members of the
9-55 domestic entity entitled to written consent to action without a
9-56 meeting of the owners or members unless a record date is provided
9-57 under Section 6.101 for that action. The record date may not be
9-58 earlier than the date the governing authority adopts the resolution
9-59 providing for the record date.

9-60 (b) Subject to this code and the governing documents of a
9-61 domestic [~~an~~] entity, the record date for determining the owners or
9-62 members of the domestic entity entitled to written consent to
9-63 action without a meeting of the owners or members is the date a
9-64 signed written consent to action stating the action taken or
9-65 proposed to be taken is first delivered to the domestic entity if:

9-66 (1) the governing authority of the domestic entity
9-67 does not provide a record date under Subsection (a); and

9-68 (2) prior action by the governing authority is not
9-69 required under this code.

10-1 (c) Subject to this code or the governing documents of a
 10-2 domestic [~~an~~] entity, the record date for determining the owners or
 10-3 members of the domestic entity entitled to written consent to
 10-4 action without a meeting of the owners or members is at the close of
 10-5 business on the date the governing authority of the domestic entity
 10-6 adopts a resolution taking prior action if:

10-7 (1) the governing authority does not provide a record
 10-8 date under Subsection (a); and

10-9 (2) prior action by the governing authority is
 10-10 required by this code.

10-11 SECTION 34. Section 6.152(a), Business Organizations Code,
 10-12 is amended to read as follows:

10-13 (a) Except as provided by Subsection (b), an ownership
 10-14 interest owned by the domestic entity that is the issuer of the
 10-15 interest, or by its direct or indirect subsidiary, may not be:

10-16 (1) directly or indirectly voted at a meeting; or

10-17 (2) included in determining at any time the total
 10-18 number of outstanding ownership interests of the domestic entity.

10-19 SECTION 35. Section 6.153, Business Organizations Code, is
 10-20 amended to read as follows:

10-21 Sec. 6.153. VOTING OF INTERESTS OWNED BY ANOTHER ENTITY. An
 10-22 ownership interest in a domestic [~~an~~] entity owned by another
 10-23 entity, whether a domestic or foreign entity, may be voted by the
 10-24 officer, agent, or proxy as authorized by:

10-25 (1) the governing documents of the entity that owns
 10-26 the interest; or

10-27 (2) the governing authority of the entity that owns
 10-28 the interest, if the governing documents do not provide for the
 10-29 manner of voting.

10-30 SECTION 36. Section 6.154(a), Business Organizations Code,
 10-31 is amended to read as follows:

10-32 (a) An administrator, executor, guardian, or conservator of
 10-33 an estate who holds an ownership interest as part of the estate may
 10-34 vote the interest, in person or by proxy, without transferring the
 10-35 interest into the person's name.

10-36 SECTION 37. Section 6.204, Business Organizations Code, is
 10-37 amended to read as follows:

10-38 Sec. 6.204. ADVANCE NOTICE NOT REQUIRED. Any advance
 10-39 [~~Advance~~] notice required by this code for an action to be taken at
 10-40 a meeting is not required to be given to take the [~~an~~] action by
 10-41 written consent as provided by this subchapter.

10-42 SECTION 38. Sections 6.251(a) and (c), Business
 10-43 Organizations Code, are amended to read as follows:

10-44 (a) Except as provided by this code or the governing
 10-45 documents, any number of owners of a domestic [~~an~~] entity may enter
 10-46 into a written voting trust agreement to confer on a trustee the
 10-47 right to vote or otherwise represent ownership or membership
 10-48 interests of the domestic entity.

10-49 (c) A copy of a voting trust agreement described by
 10-50 Subsection (a) shall be deposited with the domestic entity at the
 10-51 domestic entity's principal executive office or registered office
 10-52 and is subject to examination by:

10-53 (1) an owner, whether in person or by the owner's agent
 10-54 or attorney, in the same manner as the owner is entitled to examine
 10-55 the books and records of the domestic entity; and

10-56 (2) a holder of a beneficial interest in the voting
 10-57 trust, whether in person or by the holder's agent or attorney, at
 10-58 any reasonable time for any proper purpose.

10-59 SECTION 39. Sections 6.252(a), (b), and (c), Business
 10-60 Organizations Code, are amended to read as follows:

10-61 (a) Except as provided by this code or the governing
 10-62 documents, any number of owners of a domestic [~~an~~] entity, or any
 10-63 number of owners of the domestic entity and the domestic entity
 10-64 itself, may enter into a written voting agreement to provide the
 10-65 manner of voting of the ownership interests of the domestic entity.
 10-66 A voting agreement entered into under this subsection is not part of
 10-67 the governing documents of the domestic entity.

10-68 (b) A copy of a voting agreement entered into under
 10-69 Subsection (a):

11-1 (1) shall be deposited with the domestic entity at the
 11-2 domestic entity's principal executive office or registered office;
 11-3 and

11-4 (2) is subject to examination by an owner, whether in
 11-5 person or by the owner's agent or attorney, in the same manner as
 11-6 the owner is entitled to examine the books and records of the
 11-7 domestic entity.

11-8 (c) A voting agreement entered into under Subsection (a) is
 11-9 specifically enforceable against the holder of an ownership
 11-10 interest that is the subject of the agreement, and any successor or
 11-11 transferee of the holder, if:

11-12 (1) the voting agreement is noted conspicuously on the
 11-13 certificate representing the ownership interests; or

11-14 (2) a notation of the voting agreement is contained in
 11-15 a notice sent by or on behalf of the domestic entity in accordance
 11-16 with Section 3.205, if the ownership interest is not represented by
 11-17 a certificate.

11-18 SECTION 40. Section 8.002(b), Business Organizations Code,
 11-19 is amended to read as follows:

11-20 (b) The governing documents of a general partnership or
 11-21 limited liability company may adopt provisions of this chapter or
 11-22 may contain other [enforceable] provisions, which will be
 11-23 enforceable, relating to:

11-24 (1) indemnification;

11-25 (2) advancement of expenses; or

11-26 (3) insurance or another arrangement to indemnify or
 11-27 hold harmless a governing person.

11-28 SECTION 41. Section 8.103, Business Organizations Code, is
 11-29 amended by amending Subsection (a) and adding Subsection (d) to
 11-30 read as follows:

11-31 (a) Except as provided by Subsections (b) and (c), the
 11-32 determinations required under Section 8.101(a) must be made by:

11-33 (1) a majority vote of the governing persons who at the
 11-34 time of the vote are disinterested and independent, regardless of
 11-35 whether the governing persons who are disinterested and independent
 11-36 constitute a quorum;

11-37 (2) a majority vote of a committee of the governing
 11-38 authority of the enterprise if the committee:

11-39 (A) is designated by a majority vote of the
 11-40 governing persons who at the time of the vote are disinterested and
 11-41 independent, regardless of whether the governing persons who are
 11-42 disinterested and independent constitute a quorum; and

11-43 (B) is composed solely of one or more governing
 11-44 persons who are disinterested and independent;

11-45 (3) special legal counsel selected by the governing
 11-46 authority of the enterprise, or selected by a committee of the
 11-47 governing authority [board of directors], by vote in accordance
 11-48 with Subdivision (1) or (2);

11-49 (4) the owners or members of the enterprise in a vote
 11-50 that excludes the ownership or membership interests held by each
 11-51 governing person who is not disinterested and independent; or

11-52 (5) a unanimous vote of the owners or members of the
 11-53 enterprise.

11-54 (d) With respect to a limited partnership, a vote of a
 11-55 majority-in-interest of the limited partners in a vote that
 11-56 excludes the interest held by each general partner who is not
 11-57 disinterested and independent constitutes a determination under
 11-58 Subsection (a)(4).

11-59 SECTION 42. Section 8.104, Business Organizations Code, is
 11-60 amended by adding Subsection (d) to read as follows:

11-61 (d) With respect to a limited partnership, a vote of a
 11-62 majority-in-interest of the limited partners in a vote that
 11-63 excludes the interest held by each general partner who is not
 11-64 disinterested and independent constitutes an authorization under
 11-65 Subsection (b).

11-66 SECTION 43. Section 8.105(b), Business Organizations Code,
 11-67 is amended to read as follows:

11-68 (b) An enterprise shall indemnify ~~[and advance expenses to]~~
 11-69 an officer to the same extent that indemnification ~~[or advancement~~

12-1 ~~of expenses]~~ is required under this chapter for a governing person.
 12-2 SECTION 44. Section 8.152(b), Business Organizations Code,
 12-3 is amended to read as follows:

12-4 (b) Subject to Subsection (c), the report must be made with
 12-5 or before:

12-6 (1) the notice or waiver of notice of the next meeting
 12-7 of the owners or members of the enterprise; or

12-8 (2) ~~[and before]~~ the next submission to the owners or
 12-9 members of a consent to action without a meeting.

12-10 SECTION 45. Section 9.010, Business Organizations Code, is
 12-11 amended to read as follows:

12-12 Sec. 9.010. NAME CHANGE OF FOREIGN FILING ENTITY. If a
 12-13 foreign filing entity authorized to transact business ~~[conduct~~
 12-14 ~~affairs]~~ in this state changes its name to a name that would cause
 12-15 the entity to be denied an application for registration under this
 12-16 subchapter, the entity's registration must be suspended. An entity
 12-17 the registration of which has been suspended under this section may
 12-18 transact business ~~[conduct affairs]~~ in this state only after the
 12-19 entity:

12-20 (1) changes its name to a name that is available to it
 12-21 under the laws of this state; or

12-22 (2) otherwise complies with this chapter.

12-23 SECTION 46. Section 9.054, Business Organizations Code, is
 12-24 amended to read as follows:

12-25 Sec. 9.054. LATE FILING FEE. (a) The secretary of state
 12-26 may collect from a foreign filing entity a late filing fee ~~[equal to~~
 12-27 ~~the registration fee for the entity for each year of delinquency]~~ if
 12-28 the entity has transacted business in this state for more than 90
 12-29 days without registering under this chapter. The secretary may
 12-30 condition the effectiveness of a registration after the 90-day
 12-31 period on the payment of the late filing fee.

12-32 (b) The amount of the late filing fee is an amount equal to
 12-33 the product of the amount of the registration fee for the foreign
 12-34 filing entity multiplied by the number of calendar years that the
 12-35 entity transacted business in this state without being registered.
 12-36 For purposes of computing the fee, a partial calendar year is
 12-37 counted as a full calendar year.

12-38 SECTION 47. Section 9.101(b), Business Organizations Code,
 12-39 is amended to read as follows:

12-40 (b) The secretary of state may revoke a foreign filing
 12-41 entity's registration if the secretary of state finds that:

12-42 (1) the entity has failed to, and, before the 91st day
 12-43 after the date notice was mailed, has not corrected the entity's
 12-44 failure to:

12-45 (A) ~~[(1)]~~ file a report within the period
 12-46 required by law or pay a fee or penalty prescribed by law when due
 12-47 and payable;

12-48 (B) ~~[(2)]~~ maintain a registered agent or
 12-49 registered office in this state as required by law; or

12-50 (C) ~~[(3)]~~ amend its registration when required
 12-51 by law; or

12-52 (2) the entity has failed to, and, before the 16th day
 12-53 after the date notice was mailed, has not corrected the entity's
 12-54 failure to ~~[(4)]~~ pay a fee required in connection with the
 12-55 application for registration ~~[a filing]~~, or payment of the fee was
 12-56 dishonored when presented by the state for payment.

12-57 SECTION 48. Section 9.201, Business Organizations Code, is
 12-58 amended to read as follows:

12-59 Sec. 9.201. BUSINESS OF FOREIGN ENTITY. (a) Except as
 12-60 provided by Subsection (b), a [A] foreign entity may not conduct in
 12-61 this state a business or activity that is not permitted by this code
 12-62 to be transacted by the domestic entity to which it most closely
 12-63 corresponds, unless other law of this state authorizes the entity
 12-64 to conduct the business or activity.

12-65 (b) A foreign business trust may engage in a business or
 12-66 activity permitted by this code to be transacted by a limited
 12-67 liability company.

12-68 SECTION 49. Sections 10.005(b) and (c), Business
 12-69 Organizations Code, are amended to read as follows:

13-1 (b) A domestic entity may, without owner or member approval
 13-2 and pursuant to a plan of merger, restructure the ownership or
 13-3 membership structure of that entity to create a holding company
 13-4 structure under this chapter and the provisions of this code under
 13-5 which the entity was formed. The approval of the owners or members
 13-6 of a merging domestic entity that is a party to a merger under a plan
 13-7 of merger that creates a holding company is not required if:

13-8 (1) the holding company is a domestic entity of the
 13-9 same organizational form as the merging domestic entity;

13-10 (2) approval is not otherwise required by the
 13-11 governing documents of the merging domestic entity;

13-12 (3) the merging domestic entity merges with a direct
 13-13 or indirect wholly owned subsidiary;

13-14 (4) after the merger the merging domestic entity or
 13-15 its successor is a direct or indirect wholly owned subsidiary of a
 13-16 holding company;

13-17 (5) the merging domestic entity and the direct or
 13-18 indirect wholly owned subsidiary are the only parties to the
 13-19 merger;

13-20 (6) each ownership or membership interest of the
 13-21 merging domestic entity that is outstanding preceding the merger is
 13-22 converted in the merger into an ownership or membership interest of
 13-23 the holding company having the same designations, preferences,
 13-24 limitations, and relative rights and corresponding obligations in
 13-25 respect of the ownership or membership interest as the ownership or
 13-26 membership interest held by the owner or member in the merging
 13-27 domestic entity;

13-28 (7) except as provided by Subsection (c), the
 13-29 governing documents of the holding company immediately following
 13-30 the merger contain provisions substantively identical to the
 13-31 governing documents of the merging domestic entity immediately
 13-32 preceding the merger;

13-33 (8) except as provided by Subsections (c) and (d), the
 13-34 governing documents of the surviving entity subsidiary immediately
 13-35 following the merger contain provisions substantively identical to
 13-36 the governing documents of the merging domestic entity immediately
 13-37 preceding the merger;

13-38 (9) the governing persons of the merging domestic
 13-39 entity become or remain the governing persons of the holding
 13-40 company when the merger takes effect;

13-41 (10) the owners or members of the merging domestic
 13-42 entity will not recognize gain or loss for United States federal
 13-43 income tax purposes, the United States federal tax classification
 13-44 of the holding company will be the same as that of the merging
 13-45 domestic entity, and the merger will not result in the loss of any
 13-46 tax benefit or attribute of the merging domestic entity, each as
 13-47 determined by the governing authority of the merging domestic
 13-48 entity; and

13-49 (11) the governing authority of the merging domestic
 13-50 entity adopts a resolution approving the plan of merger.

13-51 (c) Subsections (b)(7) and (8) do not require identical
 13-52 provisions regarding the organizer or organizers, the entity name,
 13-53 the registered office and agent, the initial governing persons, and
 13-54 the initial subscribers of ownership or membership interests and
 13-55 provisions contained in any amendment to the governing documents as
 13-56 were necessary to effect a change, exchange, reclassification, or
 13-57 cancellation of ownership or membership interests, if the change,
 13-58 exchange, reclassification, or cancellation was in effect
 13-59 preceding the merger.

13-60 SECTION 50. Section 10.008(a), Business Organizations
 13-61 Code, is amended to read as follows:

13-62 (a) When a merger takes effect:

13-63 (1) the separate existence of each domestic entity
 13-64 that is a party to the merger, other than a surviving or new
 13-65 domestic entity, ceases;

13-66 (2) all rights, title, and interests to all real
 13-67 estate and other property owned by each organization that is a party
 13-68 to the merger is allocated to and vested, subject to any existing
 13-69 liens or other encumbrances on the property, in one or more of the

14-1 surviving or new organizations as provided in the plan of merger
14-2 without:

14-3 (A) reversion or impairment;
14-4 (B) any further act or deed; or
14-5 (C) any transfer or assignment having occurred;
14-6 (3) all liabilities and obligations of each
14-7 organization that is a party to the merger are allocated to one or
14-8 more of the surviving or new organizations in the manner provided by
14-9 the plan of merger;

14-10 (4) each surviving or new domestic organization to
14-11 which a liability or obligation is allocated under the plan of
14-12 merger is the primary obligor for the liability or obligation, and,
14-13 except as otherwise provided by the plan of merger or by law or
14-14 contract, no other party to the merger, other than a surviving
14-15 domestic entity or non-code organization liable or otherwise
14-16 obligated at the time of the merger, and no other new domestic
14-17 entity or non-code organization created under the plan of merger is
14-18 liable for the debt or other obligation;

14-19 (5) any proceeding pending by or against any domestic
14-20 entity or by or against any non-code organization that is a party to
14-21 the merger may be continued as if the merger did not occur, or the
14-22 surviving or new domestic entity or entities or the surviving or new
14-23 non-code organization or non-code organizations to which the
14-24 liability, obligation, asset, or right associated with that
14-25 proceeding is allocated to and vested in under the plan of merger
14-26 may be substituted in the proceeding;

14-27 (6) the governing documents of each surviving domestic
14-28 entity are amended to the extent provided by the plan of merger;

14-29 (7) each new filing entity whose certificate of
14-30 formation is included in the plan of merger under this chapter, on
14-31 meeting any additional requirements, if any, of this code for its
14-32 formation, is formed as a domestic entity under this code as
14-33 provided by the plan of merger;

14-34 (8) the ownership or membership interests of each
14-35 organization that is a party to the merger and that are to be
14-36 converted or exchanged, in whole or part, into ownership or
14-37 membership interests, obligations, rights to purchase securities,
14-38 or other securities of one or more of the surviving or new
14-39 organizations, into cash or other property, including ownership or
14-40 membership interests, obligations, rights to purchase securities,
14-41 or other securities of any organization, or into any combination of
14-42 these are converted and exchanged and the former owners or members
14-43 who held ownership or membership interests of each domestic entity
14-44 that is a party to the merger are entitled only to the rights
14-45 provided by the plan of merger or, if applicable, any rights to
14-46 receive the fair value for the ownership [~~or membership~~] interests
14-47 [~~previously held by them~~] provided under Subchapter H [~~this code~~];
14-48 and

14-49 (9) notwithstanding Subdivision (4), the surviving or
14-50 new organization named in the plan of merger as primarily obligated
14-51 to pay the fair value of an ownership or membership interest under
14-52 Section 10.003(2) is the primary obligor for that payment and all
14-53 other surviving or new organizations are secondarily liable for
14-54 that payment.

14-55 SECTION 51. Section 10.055, Business Organizations Code, is
14-56 amended to read as follows:

14-57 Sec. 10.055. GENERAL EFFECT OF INTEREST EXCHANGE. When an
14-58 interest exchange takes effect:

14-59 (1) the ownership or membership interest of each
14-60 acquired organization is exchanged as provided in the plan of
14-61 exchange, and the former owners or members whose interests are
14-62 exchanged under the plan of exchange are entitled only to the rights
14-63 provided in the plan [~~certificate~~] of exchange or, if applicable, a
14-64 right to receive the fair value for the ownership [~~or membership~~]
14-65 interests provided under Subchapter H; and

14-66 (2) the acquiring organization has all rights, title,
14-67 and interests with respect to the ownership or membership interest
14-68 to be acquired by it subject to the provisions of the plan
14-69 [~~certificate~~] of exchange.

15-1 SECTION 52. Section 10.101(e), Business Organizations
15-2 Code, is amended to read as follows:

15-3 (e) At the time a conversion takes effect, each owner or
15-4 member of the converting entity, other than those who receive
15-5 payment of their ownership or membership interest under any
15-6 applicable provisions of this code relating to dissent and
15-7 appraisal, has, unless otherwise agreed to by that owner or member,
15-8 an ownership or membership interest in, and is the owner or member
15-9 of, the converted entity.

15-10 SECTION 53. Section 10.151(b), Business Organizations
15-11 Code, is amended to read as follows:

15-12 (b) If a certificate of merger or exchange is required to be
15-13 filed in connection with an interest exchange or a merger, other
15-14 than a merger under Section 10.006, the certificate must be signed
15-15 on behalf of each domestic entity and non-code organization that is
15-16 a party to the merger or exchange by an officer or other authorized
15-17 representative and must include:

15-18 (1) the plan of merger or exchange or a statement
15-19 certifying:

15-20 (A) the name and organizational form of each
15-21 domestic entity or non-code organization that is a party to the
15-22 merger or exchange;

15-23 (B) for a merger, the name and organizational
15-24 form of each domestic entity or non-code organization that is to be
15-25 created by the plan of merger [~~or exchange~~];

15-26 (C) the name of the jurisdiction in which each
15-27 domestic entity or non-code organization named under Paragraph (A)
15-28 or (B) is incorporated or organized;

15-29 (D) for a merger, the amendments or changes to
15-30 the certificate of formation of each filing entity that is a party
15-31 to the merger, or if no amendments are desired to be effected by the
15-32 merger, a statement to that effect;

15-33 (E) for a merger, that the certificate of
15-34 formation of each new filing entity to be created under the plan of
15-35 merger [~~or exchange~~] is being filed with the certificate of merger
15-36 [~~or exchange~~];

15-37 (F) that a signed plan of merger or exchange is on
15-38 file at the principal place of business of each surviving,
15-39 acquiring, or new domestic entity or non-code organization, and the
15-40 address of each principal place of business; and

15-41 (G) that a copy of the plan of merger or exchange
15-42 will be on written request furnished without cost by each
15-43 surviving, acquiring, or new domestic entity or non-code
15-44 organization to any owner or member of any domestic entity that is a
15-45 party to or created by the plan of merger or exchange and, for a
15-46 merger with multiple surviving domestic entities or non-code
15-47 organizations, to any creditor or obligee of the parties to the
15-48 merger at the time of the merger if a liability or obligation is
15-49 then outstanding;

15-50 (2) if approval of the owners or members of any
15-51 domestic entity that was a party to the plan of merger or exchange
15-52 is not required by this code, a statement to that effect; and

15-53 (3) a statement that the plan of merger or exchange has
15-54 been approved as required by the laws of the jurisdiction of
15-55 formation of each organization that is a party to the merger or
15-56 exchange and by the governing documents of those organizations.

15-57 SECTION 54. Section 10.154(b), Business Organizations
15-58 Code, is amended to read as follows:

15-59 (b) If a certificate of conversion is required to be filed
15-60 in connection with a conversion, the certificate must be signed on
15-61 behalf of the converting entity and must include:

15-62 (1) the plan of conversion or a statement certifying
15-63 the following:

15-64 (A) the name, organizational form, and
15-65 jurisdiction of formation [~~organization~~] of the converting entity;

15-66 (B) the name, organizational form, and
15-67 jurisdiction of formation of the converted [~~converting~~] entity;

15-68 (C) that a signed plan of conversion is on file at
15-69 the principal place of business of the converting entity, and the

16-1 address of the principal place of business;

16-2 (D) that a signed plan of conversion will be on
16-3 file after the conversion at the principal place of business of the
16-4 converted entity, and the address of the principal place of
16-5 business; and

16-6 (E) that a copy of the plan of conversion will be
16-7 on written request furnished without cost by the converting entity
16-8 before the conversion or by the converted entity after the
16-9 conversion to any owner or member of the converting entity or the
16-10 converted entity; and

16-11 (2) a statement that the plan of conversion has been
16-12 approved as required by the laws of the jurisdiction of formation
16-13 and the governing documents of the converting entity.

16-14 SECTION 55. Section 10.254(b), Business Organizations
16-15 Code, is amended to read as follows:

16-16 (b) Except as otherwise expressly provided by another
16-17 statute [law], a person acquiring property described by this
16-18 section may not be held responsible or liable for a liability or
16-19 obligation of the transferring domestic entity that is not
16-20 expressly assumed by the person.

16-21 SECTION 56. Section 10.351(c), Business Organizations
16-22 Code, is amended to read as follows:

16-23 (c) The governing documents of a partnership or a limited
16-24 liability company may provide that its owners are entitled to the
16-25 rights of dissent and appraisal provided by this subchapter,
16-26 subject to any modification to those rights as provided by the
16-27 entity's governing documents.

16-28 SECTION 57. Section 10.362(b), Business Organizations
16-29 Code, is amended to read as follows:

16-30 (b) In computing the fair value of an ownership interest
16-31 under this subchapter, consideration must be given to the value of
16-32 the domestic entity [organization] as a going concern without
16-33 including in the computation of value any control premium, any
16-34 minority ownership discount, or any discount for lack of
16-35 marketability. If the domestic entity has different classes or
16-36 series of ownership interests, the relative rights and preferences
16-37 of and limitations placed on the class or series of ownership
16-38 interests, other than relative voting rights, held by the
16-39 dissenting owner must be taken into account in the computation of
16-40 value[+]

16-41 [~~(1) payment for a control premium or minority~~
16-42 ~~discount other than a discount attributable to the type of~~
16-43 ~~ownership interests held by the dissenting owner; and~~

16-44 [~~(2) limitation placed on the rights and preferences~~
16-45 ~~of those ownership interests].~~

16-46 SECTION 58. Section 10.367(b), Business Organizations
16-47 Code, is amended to read as follows:

16-48 (b) On termination of the right of dissent under this
16-49 section:

16-50 (1) the dissenting owner and all persons claiming a
16-51 right under the owner are conclusively presumed to have approved
16-52 and ratified the action to which the owner dissented and are bound
16-53 by that action;

16-54 (2) the owner's right to be paid the fair value of the
16-55 owner's ownership interests ceases and the owner's status as an
16-56 owner of those ownership interests is restored without prejudice to
16-57 [~~in~~] any interim proceeding if the owner's ownership interests were
16-58 not canceled, converted, or exchanged as a result of the action or a
16-59 subsequent fundamental business transaction; and

16-60 (3) the dissenting owner is entitled to receive
16-61 dividends or other distributions made in the interim to owners of
16-62 the same class and series of ownership interests held by the owner
16-63 as if a demand for the payment of the ownership interests had not
16-64 been made under Section 10.356, subject to any change in or
16-65 adjustment to ownership interests because of the cancellation or
16-66 exchange of the ownership interests after the date a demand under
16-67 Section 10.356 was made pursuant to a fundamental business
16-68 transaction.

16-69 SECTION 59. Section 10.368, Business Organizations Code, is

17-1 amended to read as follows:

17-2 Sec. 10.368. EXCLUSIVITY OF REMEDY OF DISSENT AND
17-3 APPRAISAL. In the absence of fraud in the transaction, any right of
17-4 an owner of an ownership interest to dissent from an action and
17-5 obtain the fair value of the ownership interest under this
17-6 subchapter is the exclusive remedy for recovery of:

17-7 (1) the value of the ownership interest; or

17-8 (2) money damages to the owner with respect to the
17-9 action [~~ownership interest, and~~

17-10 [~~(2) the owner's right in the organization with~~
17-11 ~~respect to a fundamental business transaction]~~.

17-12 SECTION 60. Sections 11.001(2) and (6), Business
17-13 Organizations Code, are amended to read as follows:

17-14 (2) "Event requiring a winding up" or "event requiring
17-15 winding up" means an event specified by Section 11.051.

17-16 (6) "Voluntary decision to wind up" means the
17-17 determination to wind up a domestic entity made by the domestic
17-18 entity or the owners, members, or governing authority of the
17-19 domestic entity in the manner specified by:

17-20 (A) the title of this code governing the domestic
17-21 entity; or

17-22 (B) if applicable to the domestic entity, Section
17-23 11.057(a) or (b) or 11.058(a).

17-24 SECTION 61. Section 11.051, Business Organizations Code, is
17-25 amended to read as follows:

17-26 Sec. 11.051. EVENT REQUIRING WINDING UP OF DOMESTIC ENTITY.
17-27 Winding up of a domestic entity is required on:

17-28 (1) the expiration of any [~~the domestic entity's~~]
17-29 period of duration specified in the domestic entity's governing
17-30 documents [~~, if not perpetual~~];

17-31 (2) a voluntary decision to wind up the domestic
17-32 entity;

17-33 (3) an event specified in the governing documents of
17-34 the domestic entity requiring the winding up, dissolution, or
17-35 termination of the domestic entity, other than an event specified
17-36 in another subdivision of this section;

17-37 (4) an event specified in other sections of this code
17-38 requiring the winding up or termination of the domestic entity,
17-39 other than an event specified in another subdivision of this
17-40 section; or

17-41 (5) a decree by a court requiring the winding up, [~~or~~]
17-42 dissolution, or termination of the domestic entity, rendered under
17-43 this code or other law.

17-44 SECTION 62. Section 11.056, Business Organizations Code, is
17-45 amended to read as follows:

17-46 Sec. 11.056. SUPPLEMENTAL PROVISIONS FOR [~~EVENT REQUIRING~~
17-47 ~~WINDING UP OF]~~ LIMITED LIABILITY COMPANY. (a) The [~~In addition to~~
17-48 ~~an event listed under Section 11.051, the]~~ termination of the
17-49 continued membership of the last remaining member of a domestic
17-50 limited liability company is an event requiring [~~a~~] winding up
17-51 under Section 11.051(4) unless, not later than the 90th day after
17-52 the date of the termination, the legal representative or successor
17-53 of the last remaining member agrees:

17-54 (1) to continue the company; and

17-55 (2) to become a member of the company effective as of
17-56 the date of the termination or to designate another person who
17-57 agrees to become a member of the company effective as of the date of
17-58 the termination.

17-59 (b) The event requiring winding up specified in Subsection
17-60 (a) may be canceled in accordance with Sections 11.152(a) and
17-61 101.552(c).

17-62 SECTION 63. Section 11.057, Business Organizations Code, is
17-63 amended to read as follows:

17-64 Sec. 11.057. SUPPLEMENTAL PROVISIONS FOR DOMESTIC [~~EVENTS~~
17-65 ~~REQUIRING WINDING UP OF]~~ GENERAL PARTNERSHIP. (a) Unless
17-66 otherwise provided by the partnership agreement, a voluntary
17-67 decision to wind up a domestic general partnership, other than a
17-68 partnership described by Subsection (b), requires the express will
17-69 of a majority-in-interest of the partners who have not assigned

18-1 their interests. A voluntary decision to wind up a partnership
 18-2 under this subsection may be revoked in accordance with Sections
 18-3 11.151 and 152.709(e).

18-4 (b) Unless otherwise provided by the partnership agreement,
 18-5 a voluntary decision to wind up a domestic general partnership that
 18-6 has a period of duration or is for a particular undertaking, or in
 18-7 which the partnership agreement provides for the winding up of the
 18-8 partnership on occurrence of a specified event, requires the
 18-9 express will of all of the partners. A voluntary decision to wind
 18-10 up a partnership under this subsection may be revoked in accordance
 18-11 with Sections 11.151 and 152.709(d).

18-12 (c) An event requiring the winding up of a domestic general
 18-13 partnership under Section 11.051(4) includes the following:

18-14 (1) in a general partnership for a particular
 18-15 undertaking, the completion of the undertaking, unless otherwise
 18-16 provided by the partnership agreement;

18-17 ~~(2) [An event requiring winding up of a general~~
 18-18 ~~partnership includes, in addition to any event specified in Section~~
 18-19 ~~11.051, the following:~~

18-20 ~~[(1) in a general partnership that is not for a~~
 18-21 ~~definite term or for a particular undertaking or in which the~~
 18-22 ~~partnership agreement does not provide for winding up the~~
 18-23 ~~partnership business on a specified event, the express will of a~~
 18-24 ~~majority-in-interest of the partners who have not assigned their~~
 18-25 ~~interests;~~

18-26 ~~[(2) in a general partnership for a definite term or~~
 18-27 ~~for a particular undertaking, on:~~

18-28 ~~[(A) the express will of all of the partners; or~~

18-29 ~~[(B) the expiration of the term or the completion~~
 18-30 ~~of the undertaking, unless otherwise continued under Section~~
 18-31 ~~152.709;~~

18-32 ~~[(3) in a general partnership in which the partnership~~
 18-33 ~~agreement provides for the winding up of the partnership business~~
 18-34 ~~on a specified event, upon:~~

18-35 ~~[(A) the express will of all of the partners; or~~

18-36 ~~[(B) the occurrence of the specified event,~~
 18-37 ~~unless otherwise continued under Section 152.709;~~

18-38 ~~[(4)] an event that makes it illegal for all or~~
 18-39 ~~substantially all of the partnership business to be continued, but~~
 18-40 ~~a cure of illegality before the 91st day after the date of notice to~~
 18-41 ~~the general partnership of the event is effective retroactively to~~
 18-42 ~~the date of the event for purposes of this subsection; and~~

18-43 ~~(3) [(5)] the sale of all or substantially all of the~~
 18-44 ~~property of the general partnership outside the ordinary course of~~
 18-45 ~~business, unless otherwise provided by the partnership agreement.~~

18-46 (d) In addition to the events specified by Subsection (c),
 18-47 unless otherwise provided by the partnership agreement, [, and

18-48 ~~[(6)] if a domestic general partnership does [is] not~~
 18-49 ~~have a period of duration, is not for a [definite term or a]~~
 18-50 ~~particular undertaking, and is not required under its partnership~~
 18-51 ~~agreement to wind up [does not provide for a specified event~~
 18-52 ~~requiring a winding up of] the partnership on occurrence of a~~
 18-53 ~~specified event, an event requiring [business, a request for]~~
 18-54 ~~winding up of the partnership under Section 11.051(4) occurs on the~~
 18-55 ~~60th day [business from a partner, other than a partner who has~~
 18-56 ~~agreed not to withdraw.~~

18-57 ~~[(b) An event described by Subsection (a)(6) requires the~~
 18-58 ~~winding up of a general partnership 60 days] after the date on which~~
 18-59 ~~the [general] partnership receives notice of a [the] request for~~
 18-60 ~~winding up the partnership from a partner, other than a partner who~~
 18-61 ~~has agreed not to withdraw, or [at] a later date as specified by the~~
 18-62 ~~request [notice], unless a majority-in-interest of the partners~~
 18-63 ~~deny the request for winding up or agree to continue the [general]~~
 18-64 ~~partnership. The continuation of the business by the other~~
 18-65 ~~partners or by those who habitually acted in the business before the~~
 18-66 ~~request, other than the partner making the request, without any~~
 18-67 ~~settlement or liquidation of the partnership business, is prima~~
 18-68 ~~facie evidence of an agreement to continue the partnership under~~
 18-69 this subsection.

19-1 (e) An event requiring winding up specified in Subsection
 19-2 (c)(1), (c)(3), or (d) may be canceled in accordance with Sections
 19-3 11.152 and 152.709.

19-4 SECTION 64. Section 11.058, Business Organizations Code, is
 19-5 amended to read as follows:

19-6 Sec. 11.058. SUPPLEMENTAL PROVISION FOR ~~[EVENTS REQUIRING~~
 19-7 ~~WINDING UP OF]~~ LIMITED PARTNERSHIP. (a) A voluntary decision to
 19-8 wind up a domestic limited partnership requires the written consent
 19-9 of all partners in the limited partnership unless otherwise
 19-10 provided by the partnership agreement. The voluntary decision to
 19-11 wind up may be revoked in accordance with Sections 11.151 and
 19-12 153.501(d).

19-13 (b) ~~An [event requiring the winding up of a limited~~
 19-14 ~~partnership includes, in addition to any event specified in Section~~
 19-15 ~~11.051, the following:~~

19-16 ~~[(1) written consent of all partners to the winding up~~
 19-17 ~~and termination of the limited partnership; and~~

19-18 ~~[(2) an] event of withdrawal of a general partner of a~~
 19-19 ~~domestic limited partnership is an event requiring winding up under~~
 19-20 ~~Section 11.051(4) unless otherwise provided by the partnership~~
 19-21 ~~agreement. The event requiring winding up specified in this~~
 19-22 ~~subsection may be canceled in accordance with Sections 11.152(a)~~
 19-23 ~~and 153.501(b).~~

19-24 (c) An event requiring winding up of a limited partnership
 19-25 under Section 11.051(4) includes when there are no limited partners
 19-26 in the limited partnership. The event requiring winding up
 19-27 specified in this subsection may be canceled in accordance with
 19-28 Sections 11.152(a) and 153.501(e).

19-29 SECTION 65. Section 11.059, Business Organizations Code, is
 19-30 amended to read as follows:

19-31 Sec. 11.059. SUPPLEMENTAL PROVISIONS FOR
 19-32 CORPORATIONS. For purposes of Section 11.051(3), the event
 19-33 requiring the winding up, dissolution, or termination of a domestic
 19-34 corporation must be specified ~~[specific]~~ in:

19-35 (1) the certificate of formation of the corporation;
 19-36 or

19-37 (2) a bylaw ~~[bylaws]~~ of the corporation adopted by the
 19-38 owners or members of the corporation in the same manner as an
 19-39 amendment to the certificate of formation of the corporation.

19-40 SECTION 66. Section 11.104, Business Organizations Code, is
 19-41 amended to read as follows:

19-42 Sec. 11.104. ACTION BY SECRETARY OF STATE. The secretary of
 19-43 state shall remove from its active records a domestic filing entity
 19-44 whose period of duration specified in its certificate of formation
 19-45 has expired when the secretary of state determines that:

19-46 (1) the entity has failed to file a certificate of
 19-47 termination in accordance with Section 11.101; and

19-48 (2) the entity has failed to file an amendment to
 19-49 extend its period of duration ~~[existence]~~ in accordance with
 19-50 Section 11.152.

19-51 SECTION 67. Section 11.152(b), Business Organizations
 19-52 Code, is amended to read as follows:

19-53 (b) A domestic entity whose specified period of duration has
 19-54 expired ~~[to which an event requiring winding up as specified in~~
 19-55 ~~Section 11.051(1) occurs]~~ may cancel that ~~[the]~~ event requiring
 19-56 winding up by amending its governing documents in the manner
 19-57 provided by this code, not later than the third anniversary of the
 19-58 date the period expired ~~[of the event requiring winding up]~~ or an
 19-59 earlier date prescribed by the title of this code governing the
 19-60 domestic entity, to extend its ~~[the]~~ period of ~~[its]~~ duration. The
 19-61 expiration of its ~~[the]~~ period of ~~[its]~~ duration does not by itself
 19-62 create a vested right on the part of an owner, member, or creditor
 19-63 of the entity to prevent the extension of that period ~~[its~~
 19-64 ~~existence]~~. An act undertaken or a contract entered into by the
 19-65 domestic ~~[a terminated]~~ entity during a period in which the entity
 19-66 could have extended its period of duration as provided by this
 19-67 subsection ~~[existence under this section]~~ is not invalidated by the
 19-68 expiration of that ~~[the]~~ period ~~[of the entity's duration]~~,
 19-69 regardless of whether the entity has taken any action to extend its

20-1 period of duration [existence].

20-2 SECTION 68. Section 11.251(b), Business Organizations
20-3 Code, is amended to read as follows:

20-4 (b) The secretary of state may terminate a filing entity's
20-5 existence if the secretary finds that:

20-6 (1) the entity has failed to, and, before the 91st day
20-7 after the date notice was mailed has not corrected the entity's
20-8 failure to:

20-9 (A) [~~(1)~~] file a report within the period
20-10 required by law or [~~to~~] pay a fee or penalty prescribed by law when
20-11 due and payable; or

20-12 (B) [~~(2)~~] maintain a registered agent or
20-13 registered office in this state as required by law; or

20-14 (2) the entity has failed to, and, before the 16th day
20-15 after the date notice was mailed has not corrected the entity's
20-16 failure to, pay a fee required in connection with the filing of its
20-17 certificate of formation [~~(3) pay a fee required in connection with~~
20-18 ~~a filing]~~, or payment of the fee was dishonored when presented by
20-19 the state for payment.

20-20 SECTION 69. Section 11.412, Business Organizations Code, is
20-21 amended to read as follows:

20-22 Sec. 11.412. DECREE OF INVOLUNTARY TERMINATION. In an
20-23 action in which the court has ordered the liquidation of [~~to~~
20-24 ~~liquidate~~] the property and business of a domestic entity in
20-25 accordance with other provisions of this code, the court shall
20-26 enter a decree terminating the [~~entity and the~~] existence of the
20-27 entity [~~shall cease~~]:

20-28 (1) when the costs and expenses of the action and all
20-29 obligations and liabilities of the domestic entity have been paid
20-30 and discharged or adequately provided for and all of the entity's
20-31 remaining property has been distributed to its owners and members;
20-32 or

20-33 (2) if the entity's property is not sufficient to
20-34 discharge the costs and other expenses of the action and all
20-35 obligations and liabilities of the entity, when all the property of
20-36 the entity has been applied toward their payment.

20-37 SECTION 70. Section 12.260, Business Organizations Code, is
20-38 amended to read as follows:

20-39 Sec. 12.260. ABATEMENT OF SUIT. An action or cause of
20-40 action for a fine, penalty, or forfeiture that this state has or may
20-41 have against a filing entity or foreign filing entity does not abate
20-42 because the entity winds up [~~dissolves~~], voluntarily or otherwise,
20-43 or the entity's certificate of formation is terminated or the
20-44 entity's registration is revoked.

20-45 SECTION 71. Section 21.211(a), Business Organizations
20-46 Code, is amended to read as follows:

20-47 (a) Without limiting the general powers granted by
20-48 [Notwithstanding] Sections 21.210 and 21.213 to impose and enforce
20-49 reasonable restrictions, a restriction placed on the transfer or
20-50 registration of transfer of a security of a corporation is valid if
20-51 the restriction reasonably:

20-52 (1) obligates the holder of the restricted security to
20-53 offer a person, including the corporation or other holders of
20-54 securities of the corporation, an opportunity to acquire the
20-55 restricted security within a reasonable time before the transfer;

20-56 (2) obligates the corporation, to the extent provided
20-57 by this code, or another person to purchase securities that are the
20-58 subject of an agreement relating to the purchase and sale of the
20-59 restricted security;

20-60 (3) requires the corporation or the holders of a class
20-61 of the corporation's securities to consent to a proposed transfer
20-62 of the restricted security or to approve the proposed transferee of
20-63 the restricted security for the purpose of preventing a violation
20-64 of law;

20-65 (4) prohibits the transfer of the restricted security
20-66 to a designated person or group of persons and the designation is
20-67 not manifestly unreasonable;

20-68 (5) maintains the status of the corporation as an
20-69 electing small business corporation under Subchapter S of the

21-1 Internal Revenue Code;

21-2 (6) maintains a tax advantage to the corporation;

21-3 (7) maintains the status of the corporation as a close
21-4 corporation under Subchapter O;

21-5 (8) obligates the holder of the restricted securities
21-6 to sell or transfer an amount of restricted securities to a person
21-7 or group of persons, including the corporation or other holders of
21-8 securities of the corporation; or

21-9 (9) causes or results in the automatic sale or
21-10 transfer of an amount of restricted securities to a person or group
21-11 of persons, including the corporation or other holders of
21-12 securities of the corporation.

21-13 SECTION 72. Section 21.220, Business Organizations Code, is
21-14 amended to read as follows:

21-15 Sec. 21.220. PENALTY FOR FAILURE TO PREPARE VOTING
21-16 LIST. An officer or agent of a corporation who is in charge of the
21-17 corporation's share transfer records and who does not prepare the
21-18 list of shareholders [~~owners~~], keep the list on file for a 10-day
21-19 period, or produce and keep the list available for inspection at the
21-20 annual meeting as required by Sections 21.354 and 21.372 is liable
21-21 to a shareholder [~~an owner~~] who suffers damages because of the
21-22 failure for the damage caused by the failure.

21-23 SECTION 73. Section 21.221, Business Organizations Code, is
21-24 amended to read as follows:

21-25 Sec. 21.221. PENALTY FOR FAILURE TO PROVIDE NOTICE OF
21-26 MEETING. If an officer or agent of a corporation is unable to
21-27 comply with the duties prescribed by Sections 21.354 and 21.372
21-28 because the officer or agent did not receive notice of a meeting of
21-29 shareholders [~~owners~~] within a sufficient time before the date of
21-30 the meeting, the corporation, rather than the officer or agent, is
21-31 liable to a shareholder [~~an owner~~] who suffers damages because of
21-32 the failure for the extent of the damage caused by the failure.

21-33 SECTION 74. Section 21.223(a), Business Organizations
21-34 Code, is amended to read as follows:

21-35 (a) A holder of shares, an owner of any beneficial interest
21-36 in shares, or a subscriber for shares whose subscription has been
21-37 accepted, or any affiliate of such a holder, owner, or subscriber or
21-38 of the corporation, may not be held liable to the corporation or its
21-39 obligees with respect to:

21-40 (1) the shares, other than the obligation to pay to the
21-41 corporation the full amount of consideration, fixed in compliance
21-42 with Sections 21.157-21.162, for which the shares were or are to be
21-43 issued;

21-44 (2) any contractual obligation of the corporation or
21-45 any matter relating to or arising from the obligation on the basis
21-46 that the holder, beneficial owner, subscriber, or affiliate is or
21-47 was the alter ego of the corporation or on the basis of actual or
21-48 constructive fraud, a sham to perpetrate a fraud, or other similar
21-49 theory; or

21-50 (3) any obligation of the corporation on the basis of
21-51 the failure of the corporation to observe any corporate formality,
21-52 including the failure to:

21-53 (A) comply with this code or the certificate of
21-54 formation [~~articles of incorporation~~] or bylaws of the corporation;
21-55 or

21-56 (B) observe any requirement prescribed by this
21-57 code or the certificate of formation [~~articles of incorporation~~] or
21-58 bylaws of the corporation for acts to be taken by the corporation or
21-59 its directors or shareholders.

21-60 SECTION 75. Sections 21.364(a) and (b), Business
21-61 Organizations Code, are amended to read as follows:

21-62 (a) In this section, a "fundamental action" means:

21-63 (1) an amendment of a certificate of formation,
21-64 including an amendment required for cancellation of an event
21-65 requiring winding up in accordance with Section 11.152(b);

21-66 (2) a voluntary winding up under Chapter 11;

21-67 (3) a revocation of a voluntary decision to wind up
21-68 under Section 11.151;

21-69 (4) a cancellation of an event requiring winding up

22-1 under Section 11.152(a) [~~11.152~~]; or

22-2 (5) a reinstatement under Section 11.202.

22-3 (b) Except as otherwise provided by this code or the
22-4 certificate of formation [~~or bylaws~~] of a corporation in accordance
22-5 with Section 21.365 [~~21.363~~], the vote required for approval of a
22-6 fundamental action by the shareholders is the affirmative vote of
22-7 the holders of at least two-thirds of the outstanding shares
22-8 entitled to vote on the fundamental action.

22-9 SECTION 76. Section 21.372(a), Business Organizations
22-10 Code, is amended to read as follows:

22-11 (a) Not later than the 11th day before the date of each
22-12 meeting of the shareholders of a corporation, an officer or agent of
22-13 the corporation who is in charge of the corporation's share
22-14 transfer [~~shareholder~~] records shall prepare an alphabetical list
22-15 of the shareholders entitled to vote at the meeting or at any
22-16 adjournment of the meeting. The list of shareholders must:

22-17 (1) state:

22-18 (A) the address of each shareholder;

22-19 (B) the type of shares held by each shareholder;

22-20 (C) the number of shares held by each
22-21 shareholder; and

22-22 (D) the number of votes that each shareholder is
22-23 entitled to if the number of votes is different from the number of
22-24 shares stated under Paragraph (C); and

22-25 (2) be kept on file at the registered office or
22-26 principal executive office of the corporation for at least 10 days
22-27 before the date of the meeting.

22-28 SECTION 77. Section 21.408(b), Business Organizations
22-29 Code, is amended to read as follows:

22-30 (b) The terms of office of the initial directors
22-31 constituting the first class expire at the first annual meeting of
22-32 shareholders after the election of those directors. The terms of
22-33 office of the initial directors constituting the second class
22-34 expire at the second annual meeting of shareholders after election
22-35 of those directors. The terms of office of the initial directors
22-36 constituting the third class, if any, expire at the third annual
22-37 meeting of shareholders after election of those directors. In each
22-38 case, the term of office of an initial director is extended until
22-39 the director's successor is elected and has qualified.

22-40 SECTION 78. Section 21.4091, Business Organizations Code,
22-41 is amended to read as follows:

22-42 Sec. 21.4091. RESIGNATION OF DIRECTORS. (a) Except as
22-43 otherwise provided by the certificate of formation or bylaws, a
22-44 director of a corporation may resign at any time by providing
22-45 written notice to the corporation.

22-46 (b) The director's resignation takes effect on the date the
22-47 notice is received by the corporation, unless the notice prescribes
22-48 a later effective date or states that the resignation takes effect
22-49 on the occurrence of a future event, such as the director's failure
22-50 to receive a specified vote for reelection as a director.

22-51 (c) If the director's resignation is to take effect on a
22-52 later date or on the occurrence of a future event, the resignation
22-53 takes effect on the later date or when the event occurs.

22-54 (d) The director's resignation is irrevocable when it takes
22-55 effect. The director's resignation is revocable before it takes
22-56 effect unless the notice of resignation expressly states it is
22-57 irrevocable.

22-58 SECTION 79. Sections 21.410(a) and (b), Business
22-59 Organizations Code, are amended to read as follows:

22-60 (a) A vacancy occurring in the initial board of directors
22-61 before the issuance of shares may be filled by the affirmative vote
22-62 or written consent of the majority of the organizers or by the
22-63 affirmative vote of the majority of the remaining directors, even
22-64 if [~~the majority of~~] the remaining directors constitute
22-65 [~~constitutes~~] less than a quorum of the board of directors.

22-66 (b) Except as provided by Subsection (e), a vacancy
22-67 occurring in the board of directors after the issuance of shares may
22-68 be filled by election at an annual or special meeting of
22-69 shareholders called for that purpose or by the affirmative vote of

23-1 the majority of the remaining directors, even if the remaining
 23-2 [~~majority of~~] directors constitute [~~constitutes~~] less than a quorum
 23-3 of the board of directors.

23-4 SECTION 80. Section 21.452(e), Business Organizations
 23-5 Code, is amended to read as follows:

23-6 (e) Except as provided by Chapter 10 or Sections 21.457 and
 23-7 21.459 [~~21.457-21.459~~], the shareholders of the corporation shall
 23-8 approve the plan of merger as provided by this subchapter.

23-9 SECTION 81. Section 21.453(e), Business Organizations
 23-10 Code, is amended to read as follows:

23-11 (e) Except as provided by Section 21.457 [~~Sections~~
 23-12 ~~21.457-21.459~~], the shareholders of the corporation shall approve
 23-13 the plan of conversion as provided by this subchapter.

23-14 SECTION 82. Section 21.454(e), Business Organizations
 23-15 Code, is amended to read as follows:

23-16 (e) Except as provided by Section 21.457 [~~Sections~~
 23-17 ~~21.457-21.459~~], the shareholders of the corporation shall approve
 23-18 the plan of exchange as provided by this subchapter.

23-19 SECTION 83. Section 21.501, Business Organizations Code, is
 23-20 amended to read as follows:

23-21 Sec. 21.501. APPROVAL OF VOLUNTARY WINDING UP,
 23-22 REINSTATEMENT, OR REVOCATION OF VOLUNTARY WINDING UP. A
 23-23 corporation must approve a voluntary winding up in accordance with
 23-24 Chapter 11, a reinstatement in accordance with Section 11.202, a
 23-25 cancellation of an event requiring winding up under Section
 23-26 11.152(a) [~~11.152~~], or revocation of a voluntary decision to wind
 23-27 up in accordance with Section 11.151 by complying with one of the
 23-28 procedures prescribed by this subchapter.

23-29 SECTION 84. Section 21.563(b), Business Organizations
 23-30 Code, is amended to read as follows:

23-31 (b) [~~Subject to Subsection (c),~~] Sections 21.552-21.559 do
 23-32 not apply to a closely held corporation.

23-33 SECTION 85. Section 21.604, Business Organizations Code, is
 23-34 amended to read as follows:

23-35 Sec. 21.604. BUSINESS COMBINATION. A business combination
 23-36 is:

23-37 (1) a merger, share exchange, or conversion of an
 23-38 issuing public corporation or a subsidiary with:

23-39 (A) an affiliated shareholder;
 23-40 (B) a foreign or domestic corporation or other
 23-41 entity that is, or after the merger, share exchange, or conversion
 23-42 would be, an affiliate or associate of the affiliated shareholder;
 23-43 or

23-44 (C) another domestic or foreign corporation or
 23-45 other entity, if the merger, share exchange, or conversion is
 23-46 caused by an affiliated shareholder, or an affiliate or associate
 23-47 of an affiliated shareholder, and as a result of the merger, share
 23-48 exchange, or conversion this subchapter does not apply to the
 23-49 surviving corporation or other entity;

23-50 (2) a sale, lease, exchange, mortgage, pledge,
 23-51 transfer, or other disposition, in one transaction or a series of
 23-52 transactions, including an allocation of assets under a merger, to
 23-53 or with the affiliated shareholder, or an affiliate or associate of
 23-54 the affiliated shareholder, of assets of the issuing public
 23-55 corporation or a subsidiary that:

23-56 (A) has an aggregate market value equal to 10
 23-57 percent or more of the aggregate market value of all of the assets,
 23-58 determined on a consolidated basis, of the issuing public
 23-59 corporation;

23-60 (B) has an aggregate market value equal to 10
 23-61 percent or more of the aggregate market value of all of the
 23-62 outstanding voting shares of the issuing public corporation; or

23-63 (C) represents 10 percent or more of the earning
 23-64 power or net income, determined on a consolidated basis, of the
 23-65 issuing public corporation;

23-66 (3) the issuance or transfer by an issuing public
 23-67 corporation or a subsidiary to an affiliated shareholder or an
 23-68 affiliate or associate of the affiliated shareholder, in one
 23-69 transaction or a series of transactions, of shares of the issuing

24-1 public corporation or a subsidiary, except by the exercise of
 24-2 warrants or rights to purchase shares of the issuing public
 24-3 corporation offered, or a share dividend paid, pro rata to all
 24-4 shareholders of the issuing public corporation after the affiliated
 24-5 shareholder's share acquisition date;

24-6 (4) the adoption of a plan or proposal for the
 24-7 liquidation, winding up, or dissolution of an issuing public
 24-8 corporation proposed by or under any agreement, arrangement, or
 24-9 understanding, regardless of whether in writing, with an affiliated
 24-10 shareholder or an affiliate or associate of the affiliated
 24-11 shareholder;

24-12 (5) a reclassification of securities, including a
 24-13 reverse share split or a share split-up, share dividend, or other
 24-14 distribution of shares, a recapitalization of the issuing public
 24-15 corporation, a merger of the issuing public corporation with a
 24-16 subsidiary or pursuant to which the assets and liabilities of the
 24-17 issuing public corporation are allocated among two or more
 24-18 surviving or new domestic or foreign corporations or other
 24-19 entities, or any other transaction proposed by or under an
 24-20 agreement, arrangement, or understanding, regardless of whether in
 24-21 writing, with an affiliated shareholder or an affiliate or
 24-22 associate of the affiliated shareholder that has the effect,
 24-23 directly or indirectly, of increasing the proportionate ownership
 24-24 percentage of the outstanding shares of a class or series of voting
 24-25 shares or securities convertible into voting shares of the issuing
 24-26 public corporation that is beneficially owned by the affiliated
 24-27 shareholder or an affiliate or associate of the affiliated
 24-28 shareholder, except as a result of immaterial changes due to
 24-29 fractional share adjustments; or

24-30 (6) the direct or indirect receipt by an affiliated
 24-31 shareholder or an affiliate or associate of the affiliated
 24-32 shareholder of the benefit of a loan, advance, guarantee, pledge,
 24-33 or other financial assistance or a tax credit or other tax advantage
 24-34 provided by or through the issuing public corporation, except
 24-35 proportionately as a shareholder of the issuing public corporation.

24-36 SECTION 86. Section 21.707, Business Organizations Code, is
 24-37 amended by amending Subsections (a), (b), (d), and (e) and adding
 24-38 Subsection (f) to read as follows:

24-39 (a) This section applies to an existing corporation that
 24-40 elected to become a close corporation before the mandatory
 24-41 application [~~effective~~] date of this code and has not terminated
 24-42 that status.

24-43 (b) A close corporation existing before the mandatory
 24-44 application [~~effective~~] date of this code is considered to be a
 24-45 close corporation under this code.

24-46 (d) An agreement among the shareholders of a close
 24-47 corporation in conformance with former law and Sections
 24-48 21.714-21.725 before the mandatory application [~~effective~~] date of
 24-49 this code is considered to be a shareholders' agreement.

24-50 (e) A certificate representing the shares issued or
 24-51 delivered by the close corporation after the mandatory application
 24-52 [~~effective~~] date of this code, whether in connection with the
 24-53 original issue of shares or a transfer of shares, must conform with
 24-54 Section 21.732.

24-55 (f) In this section, "mandatory application date" has the
 24-56 meaning assigned by Section 401.001.

24-57 SECTION 87. Section 22.154, Business Organizations Code, is
 24-58 amended to read as follows:

24-59 Sec. 22.154. FAILURE TO CALL ANNUAL MEETING. (a) If the
 24-60 board of directors of a corporation fails to call the annual meeting
 24-61 of members when required [~~at the designated time~~], a member of the
 24-62 corporation may demand that the meeting be held within a reasonable
 24-63 time. The demand must be made in writing and sent to an officer of
 24-64 the corporation by registered mail.

24-65 (b) If a required [~~the~~] annual meeting is not called before
 24-66 the 61st day after the date of demand, a member of the corporation
 24-67 may compel the holding of the meeting by legal action directed
 24-68 against the board of directors, and each of the extraordinary writs
 24-69 of common law and of courts of equity are available to the member to

25-1 compel the holding of the meeting. Each member has a justiciable
 25-2 interest sufficient to enable the member to institute and prosecute
 25-3 the legal proceedings.

25-4 (c) Failure to hold a required ~~[the]~~ annual meeting at the
 25-5 designated time does not result in the winding up and termination of
 25-6 the corporation.

25-7 SECTION 88. Section 22.163(c), Business Organizations
 25-8 Code, is amended to read as follows:

25-9 (c) The record date for the determination of members
 25-10 entitled ~~[board of directors of a corporation may set a new date for~~
 25-11 ~~determining the right]~~ to notice of or to vote at a meeting is
 25-12 effective for an ~~[any]~~ adjournment of the ~~[a members']~~ meeting
 25-13 unless the board of directors of a corporation sets a new date for
 25-14 determining the right to notice of or to vote at the adjournment.
 25-15 ~~[The board shall set a new date if the meeting is adjourned to a date~~
 25-16 ~~more than 90 days after the record date for determining members~~
 25-17 ~~entitled to notice of the original meeting.]~~

25-18 SECTION 89. Section 22.164(a), Business Organizations
 25-19 Code, is amended to read as follows:

25-20 (a) In this section, "fundamental action" means:

25-21 (1) an amendment of a certificate of formation,
 25-22 including an amendment required for the cancellation of an event
 25-23 requiring winding up in accordance with Section 11.152(b);

25-24 (2) a voluntary winding up under Chapter 11;

25-25 (3) a revocation of a voluntary decision to wind up
 25-26 under Section 11.151;

25-27 (4) a cancellation of an event requiring winding up
 25-28 under Section 11.152(a) ~~[11.152];~~

25-29 (5) a reinstatement under Section 11.202;

25-30 (6) a distribution plan under Section 22.305;

25-31 (7) a plan of merger under Subchapter F;

25-32 (8) a sale of all or substantially all of the assets of
 25-33 a corporation under Subchapter F;

25-34 (9) a plan of conversion under Subchapter F; or

25-35 (10) a plan of exchange under Subchapter F.

25-36 SECTION 90. Section 22.220, Business Organizations Code, is
 25-37 amended to read as follows:

25-38 Sec. 22.220. ACTION WITHOUT MEETING OF DIRECTORS OR
 25-39 COMMITTEE. (a) The certificate of formation or bylaws of a
 25-40 corporation may provide that an action required by this chapter to
 25-41 be taken at a meeting of the corporation's directors or an action
 25-42 that may be taken at a meeting of the directors or a committee may be
 25-43 taken without a meeting if a written consent, stating the action to
 25-44 be taken, is signed by the number of directors or committee members
 25-45 necessary to take that action at a meeting at which all of the
 25-46 directors or committee members are present and voting. The consent
 25-47 must state the date of each director's or committee member's
 25-48 signature.

25-49 (b) ~~[A written consent signed by less than all of the~~
 25-50 ~~directors or committee members is not effective to take the action~~
 25-51 ~~that is the subject of the consent unless, not later than the 60th~~
 25-52 ~~day after the date of the earliest dated consent delivered to the~~
 25-53 ~~corporation in the manner required by this section, a consent or~~
 25-54 ~~consents signed by the required number of directors or committee~~
 25-55 ~~members are delivered to the corporation:]~~

25-56 ~~[(1) at the registered office or principal place of~~
 25-57 ~~business of the corporation; or~~

25-58 ~~[(2) through the corporation's registered agent,~~
 25-59 ~~transfer agent, registrar, or exchange agent or an officer or agent~~
 25-60 ~~of the corporation having custody of the books in which proceedings~~
 25-61 ~~of meetings of directors or committees are recorded.]~~

25-62 ~~[(c) Delivery under Subsection (b) must be by hand or by~~
 25-63 ~~certified or registered mail, return receipt requested. Delivery~~
 25-64 ~~to the corporation's principal place of business must be addressed~~
 25-65 ~~to the president or principal executive officer of the corporation.]~~

25-66 ~~[(d)]~~ Prompt notice of the taking of an action by directors
 25-67 or a committee without a meeting by less than unanimous written
 25-68 consent shall be given to each director or committee member who did
 25-69 not consent in writing to the action.

SECTION 91. Section 22.222, Business Organizations Code, is amended to read as follows:

Sec. 22.222. RELIGIOUS CORPORATION DIRECTOR'S GOOD FAITH RELIANCE ON CERTAIN INFORMATION. A director of a religious corporation, in the discharge of a duty imposed or power conferred on the director, including a duty imposed or power conferred as a committee member, may rely in good faith on information or on an opinion, report, or statement, including a financial statement or other financial data, concerning the corporation or another person that was prepared or presented by:

- (1) a religious authority; or
- (2) a minister, priest, rabbi, or other person whose position or duties in the religious organization [~~corporation~~] the director believes justify reliance and confidence and whom the director believes to be reliable and competent in the matters presented.

SECTION 92. Section 22.234, Business Organizations Code, is amended to read as follows:

Sec. 22.234. RELIGIOUS CORPORATION OFFICER'S GOOD FAITH RELIANCE ON CERTAIN INFORMATION. An officer of a religious corporation, in the discharge of a duty imposed or power conferred on the officer, may rely in good faith and with ordinary care on information or on an opinion, report, or statement, including a financial statement or other financial data, concerning the corporation or another person that was prepared or presented by:

- (1) a religious authority [~~or another religious corporation~~]; or
- (2) a minister, priest, rabbi, or other person whose position or duties in the [~~religious authority or~~] religious organization [~~corporation~~] the officer believes justify reliance and confidence and whom the officer believes to be reliable and competent in the matters presented.

SECTION 93. Section 22.301, Business Organizations Code, is amended to read as follows:

Sec. 22.301. APPROVAL OF VOLUNTARY WINDING UP, REINSTATEMENT, REVOCATION OF VOLUNTARY WINDING UP, OR DISTRIBUTION PLAN. A corporation must approve a voluntary winding up in accordance with Chapter 11, a reinstatement in accordance with Section 11.202, a cancellation of an event requiring winding up under Section 11.152(a) [~~11.152~~], a revocation of a voluntary decision to wind up in accordance with Section 11.151, or a distribution plan in accordance with Section 22.305 by complying with the procedures prescribed by this subchapter.

SECTION 94. Section 23.053(b), Business Organizations Code, is amended to read as follows:

(b) In accordance with Section 3.005(a)(3), the certificate of formation of a [~~The~~] business development corporation must state that the purposes of the corporation are [~~be organized~~] to:

- (1) promote, stimulate, develop, and advance the business prosperity and economic welfare of this state and the residents of this state;
- (2) encourage and assist, through loans, investments, or other business transactions, new business and industry in this state;
- (3) rehabilitate and assist existing industry in this state;
- (4) stimulate and assist in the expansion of business activity that will tend to promote the business development and maintain the economic stability of this state, provide maximum opportunities for employment, encourage thrift, and improve the standard of living of the residents of this state;
- (5) cooperate and act in conjunction with other public or private organizations in the promotion and advancement of industrial, commercial, agricultural, and recreational developments in this state; and [~~or~~]
- (6) provide financing for the promotion, development, and conduct of business activity in this state.

SECTION 95. Section 23.058(a), Business Organizations Code, is amended to read as follows:

27-1 (a) The organizers [~~incorporators~~] of a corporation shall
 27-2 name the directors constituting the initial board of directors of
 27-3 the corporation. Directors other than the initial directors shall
 27-4 be elected at each annual meeting of the corporation. If an annual
 27-5 meeting is not held at the time designated by the bylaws of the
 27-6 corporation, the directors shall be elected at a special meeting
 27-7 held in lieu of the annual meeting.

27-8 SECTION 96. Subchapter B, Chapter 101, Business
 27-9 Organizations Code, is amended by adding Section 101.0515 to read
 27-10 as follows:

27-11 Sec. 101.0515. EXECUTION OF FILINGS. Unless otherwise
 27-12 provided by this title, a filing instrument of a limited liability
 27-13 company must be signed by an authorized officer, manager, or member
 27-14 of the limited liability company.

27-15 SECTION 97. Section 101.054(a), Business Organizations
 27-16 Code, is amended to read as follows:

27-17 (a) Except as provided by this section, the following
 27-18 provisions may not be waived or modified in the company agreement of
 27-19 a limited liability company:

27-20 (1) this section;
 27-21 (2) Section 101.101(b), 101.151, 101.206, 101.501, or
 27-22 101.502;

27-23 (3) Chapter 1, if the provision is used to interpret a
 27-24 provision or define a word or phrase contained in a section listed
 27-25 in this subsection;

27-26 (4) Chapter 2, except that Section 2.104(c)(2),
 27-27 2.104(c)(3), or 2.113 may be waived or modified in the company
 27-28 agreement;

27-29 (5) Chapter 3, except that Subchapters C and E may be
 27-30 waived or modified in the company agreement; or

27-31 (6) Chapter 4, 5, 7, 10, 11, or 12, other than Section
 27-32 11.056.

27-33 SECTION 98. Section 101.112, Business Organizations Code,
 27-34 is amended to read as follows:

27-35 Sec. 101.112. MEMBER'S [~~JUDGMENT CREDITOR; CHARGE OF~~
 27-36 MEMBERSHIP INTEREST SUBJECT TO CHARGING ORDER. (a) On application
 27-37 by a judgment creditor of a member of a limited liability company or
 27-38 of any other owner of a membership interest in a limited liability
 27-39 company, a court having jurisdiction may charge the membership
 27-40 interest of the judgment debtor to satisfy [~~member or owner, as~~
 27-41 ~~appropriate, with payment of the unsatisfied amount of~~] the
 27-42 judgment.

27-43 (b) If a court charges a membership interest with payment of
 27-44 a judgment as provided by Subsection (a), the judgment creditor has
 27-45 only the right to receive any distribution to which the judgment
 27-46 debtor would otherwise be entitled in respect [~~rights of an~~
 27-47 ~~assignee~~] of the membership interest.

27-48 (c) A charging order constitutes a lien on the judgment
 27-49 debtor's membership interest.

27-50 (d) The entry of a charging order is the exclusive remedy by
 27-51 which a judgment creditor of a member or of any other owner of a
 27-52 membership interest may satisfy a judgment out of the judgment
 27-53 debtor's membership interest.

27-54 (e) This section may not be construed to deprive a member of
 27-55 a limited liability company or any other owner of a membership
 27-56 interest in a limited liability company of the benefit of any
 27-57 exemption laws applicable to the membership interest of the member
 27-58 or owner.

27-59 (f) A creditor of a member or of any other owner of a
 27-60 membership interest does not have the right to obtain possession
 27-61 of, or otherwise exercise legal or equitable remedies with respect
 27-62 to, the property of the limited liability company.

27-63 SECTION 99. Section 101.352(b), Business Organizations
 27-64 Code, is amended to read as follows:

27-65 (b) If the members of a limited liability company do not
 27-66 constitute the governing authority of the company, notice of a
 27-67 meeting of members required by Subsection (a) shall be given by or
 27-68 at the direction of the governing authority not later than the 10th
 27-69 day or earlier than the 60th day before the date of the meeting.

28-1 Notice of a meeting required under this subsection must state the
28-2 business to be transacted at the meeting or the purpose of the
28-3 meeting if:

28-4 (1) the meeting is a special meeting; or
28-5 (2) a purpose of the meeting is to consider a matter
28-6 described by Section 101.356.

28-7 SECTION 100. Section 101.463(b), Business Organizations
28-8 Code, is amended to read as follows:

28-9 (b) ~~[Subject to Subsection (c),]~~ Sections 101.452-101.459
28-10 do not apply to a closely held limited liability company.

28-11 SECTION 101. Sections 101.501(a) and (b), Business
28-12 Organizations Code, are amended to read as follows:

28-13 (a) In addition to the books and records required to be kept
28-14 under Section 3.151, a limited liability company shall keep at its
28-15 principal office in the United States, or make available to a person
28-16 at its principal office in the United States not later than the
28-17 fifth day after the date the person submits a written request to
28-18 examine the books and records of the company under Section 3.152(a)
28-19 or 101.502:

28-20 (1) a current list that states:
28-21 (A) the percentage or other interest in the
28-22 limited liability company owned by each member; and

28-23 (B) if one or more classes or groups of
28-24 membership interests are established in or under the certificate of
28-25 formation or company agreement, the names of the members of each
28-26 specified [of each member of a] class or group [of membership
28-27 interests in the company];

28-28 (2) a copy of the company's federal, state, and local
28-29 tax information or income tax returns for each of the six preceding
28-30 tax years;

28-31 (3) a copy of the company's certificate of formation,
28-32 including any amendments to or restatements of the certificate of
28-33 formation;

28-34 (4) if the company agreement is in writing, a copy of
28-35 the company agreement, including any amendments to or restatements
28-36 of the company agreement;

28-37 (5) an executed copy of any powers of attorney;

28-38 (6) a copy of any document that establishes a class or
28-39 group of members of the company as provided by the company
28-40 agreement; and

28-41 (7) except as provided by Subsection (b), a written
28-42 statement of:

28-43 (A) the amount of a cash contribution and a
28-44 description and statement of the agreed value of any other
28-45 contribution made or agreed to be made by each member;

28-46 (B) the dates any additional contributions are to
28-47 be made by a member;

28-48 (C) any event the occurrence of which requires a
28-49 member to make additional contributions;

28-50 (D) any event the occurrence of which requires
28-51 the winding up of the company; and

28-52 (E) the date each member became a member of the
28-53 company.

28-54 (b) A limited liability company is not required to keep or
28-55 make available at its principal office in the United States a
28-56 written statement of the information required by Subsection (a)(7)
28-57 if that information is stated in a written [the] company agreement.

28-58 SECTION 102. Section 101.552, Business Organizations Code,
28-59 is amended to read as follows:

28-60 Sec. 101.552. APPROVAL OF VOLUNTARY WINDING UP, REVOCATION,
28-61 CANCELLATION, OR REINSTATEMENT. (a) A majority vote of all of the
28-62 ~~[governing]~~ members of a limited liability company or, if the
28-63 limited liability company has no members, a majority vote of all of
28-64 the managers of the company is required to approve:

28-65 (1) a voluntary winding up of the company under
28-66 Chapter 11;

28-67 (2) a revocation of a voluntary decision to wind up the
28-68 company under Section 11.151; or

28-69 (3) ~~[a cancellation of an event requiring the winding~~

29-1 ~~up of the company under Section 11.152, or~~

29-2 [~~4~~] a reinstatement of a terminated company under
29-3 Section 11.202.

29-4 (b) The consent of all of the members of the limited
29-5 liability company is required to approve a cancellation under
29-6 Section 11.152 of an event requiring winding up specified in
29-7 Section 11.051(1) or (3).

29-8 (c) An event requiring winding up specified in Section
29-9 11.056 may be canceled in accordance with Section 11.152(a) if the
29-10 legal representative or successor of the last remaining member of
29-11 the domestic limited liability company agrees to:

29-12 (1) cancel the event requiring winding up and continue
29-13 the company; and

29-14 (2) become a member of the company effective as of the
29-15 date of termination of the membership of the last remaining member
29-16 of the company, or designate another person who agrees to become a
29-17 member of the company effective as of the date of the termination.

29-18 SECTION 103. Section 151.001(2), Business Organizations
29-19 Code, is amended to read as follows:

29-20 (2) "Distribution" means a transfer of property,
29-21 including cash, from a partnership to~~+~~

29-22 [~~A~~] a partner in the partner's capacity as a
29-23 partner or the~~+~~~~or~~

29-24 [~~B~~—a] partner's transferee.

29-25 SECTION 104. Section 152.002(b), Business Organizations
29-26 Code, is amended to read as follows:

29-27 (b) A partnership agreement or the partners may not:

29-28 (1) unreasonably restrict a partner's right of access
29-29 to books and records under Section 152.212;

29-30 (2) eliminate the duty of loyalty under Section
29-31 152.205, except that the partners by agreement may identify
29-32 specific types of activities or categories of activities that do
29-33 not violate the duty of loyalty if the types or categories are not
29-34 manifestly unreasonable;

29-35 (3) eliminate the duty of care under Section 152.206,
29-36 except that the partners by agreement may determine the standards
29-37 by which the performance of the obligation is to be measured if the
29-38 standards are not manifestly unreasonable;

29-39 (4) eliminate the obligation of good faith under
29-40 Section 152.204(b), except that the partners by agreement may
29-41 determine the standards by which the performance of the obligation
29-42 is to be measured if the standards are not manifestly unreasonable;

29-43 (5) vary the power to withdraw as a partner under
29-44 Section 152.501(b)(1), (7), or (8), except for the requirement that
29-45 notice be in writing;

29-46 (6) vary the right to expel a partner by a court in an
29-47 event specified by Section 152.501(b)(5);

29-48 (7) restrict rights of a third party under this
29-49 chapter or the other partnership provisions, except for a
29-50 limitation on an individual partner's liability in a limited
29-51 liability partnership as provided by this chapter;

29-52 (8) select a governing law not permitted under
29-53 Sections 1.103 and 1.002(43)(C); or

29-54 (9) except as provided in Subsections (c) and (d),
29-55 waive or modify the following provisions of Title 1:

29-56 (A) Chapter 1, if the provision is used to
29-57 interpret a provision or to define a word or phrase contained in a
29-58 section listed in this subsection;

29-59 (B) Chapter 2, other than Sections 2.104(c)(2),
29-60 2.104(c)(3), and 2.113;

29-61 (C) Chapter 3, other than Subchapters C and E of
29-62 that chapter; or

29-63 (D) Chapters 4, 5, 10, 11, and 12, other than
29-64 Sections 11.057(a), (b), (c)(1), (c)(3), and (d) [~~11.057(a)(1),~~
29-65 ~~(2), (5), and (6) and 11.057(b)~~].

29-66 SECTION 105. Section 152.302(c), Business Organizations
29-67 Code, is amended to read as follows:

29-68 (c) A conveyance of real property by a partner on behalf of
29-69 the partnership not otherwise binding on the partnership binds the

30-1 partnership if the property has been conveyed by the grantee or a
 30-2 person claiming through the grantee to ~~be~~ a holder for value
 30-3 without knowledge that the partner exceeded that partner's
 30-4 authority in making the conveyance.

30-5 SECTION 106. Section 152.304(a), Business Organizations
 30-6 Code, is amended to read as follows:

30-7 (a) Except as provided by Subsection (b) or Section
 30-8 152.801(a) ~~[152.801(b)]~~, all partners are liable jointly and
 30-9 severally for a debt or obligation of the partnership unless
 30-10 otherwise:

30-11 (1) agreed by the claimant; or

30-12 (2) provided by law.

30-13 SECTION 107. Section 152.501(b), Business Organizations
 30-14 Code, is amended to read as follows:

30-15 (b) An event of withdrawal of a partner occurs on:

30-16 (1) receipt by the partnership of notice of the
 30-17 partner's express will to withdraw as a partner on:

30-18 (A) the date on which the notice is received; or

30-19 (B) a later date specified by the notice;

30-20 (2) an event specified in the partnership agreement as
 30-21 causing the partner's withdrawal;

30-22 (3) the partner's expulsion as provided by the
 30-23 partnership agreement;

30-24 (4) the partner's expulsion by vote of a
 30-25 majority-in-interest of the other partners if:

30-26 (A) it is unlawful to carry on the partnership
 30-27 business with that partner;

30-28 (B) there has been a transfer of all or
 30-29 substantially all of that partner's partnership interest, other
 30-30 than:

30-31 (i) a transfer for security purposes that
 30-32 has not been foreclosed; or

30-33 (ii) the substitution of a successor
 30-34 trustee or successor personal representative;

30-35 (C) not later than the 90th day after the date on
 30-36 which the partnership notifies an entity partner, other than a
 30-37 nonfiling entity or foreign nonfiling entity partner, that it will
 30-38 be expelled because it has filed a certificate of termination or the
 30-39 equivalent, its existence has been involuntarily terminated or its
 30-40 charter has been revoked, or its right to conduct business has been
 30-41 terminated or suspended by the jurisdiction of its formation, if
 30-42 the certificate of termination or the equivalent is not revoked or
 30-43 its existence, charter, or right to conduct business is not
 30-44 reinstated; or

30-45 (D) an event requiring a winding up has occurred
 30-46 with respect to a nonfiling entity or foreign nonfiling entity that
 30-47 is a partner;

30-48 (5) the partner's expulsion by judicial decree, on
 30-49 application by the partnership or another partner, if the judicial
 30-50 decree determines that the partner:

30-51 (A) engaged in wrongful conduct that adversely
 30-52 and materially affected the partnership business;

30-53 (B) wilfully or persistently committed a
 30-54 material breach of:

30-55 (i) the partnership agreement; or

30-56 (ii) a duty owed to the partnership or the
 30-57 other partners under Sections 152.204-152.206; or

30-58 (C) engaged in conduct relating to the
 30-59 partnership business that made it not reasonably practicable to
 30-60 carry on the business in partnership with that partner;

30-61 (6) the partner's:

30-62 (A) becoming a debtor in bankruptcy;

30-63 (B) executing an assignment for the benefit of a
 30-64 creditor;

30-65 (C) seeking, consenting to, or acquiescing in the
 30-66 appointment of a trustee, receiver, or liquidator of that partner
 30-67 or of all or substantially all of that partner's property; or

30-68 (D) failing, not later than the 90th day after
 30-69 the appointment, to have vacated or stayed the appointment of a

31-1 trustee, receiver, or liquidator of the partner or of all or
 31-2 substantially all of the partner's property obtained without the
 31-3 partner's consent or acquiescence, or not later than the 90th day
 31-4 after the date of expiration of a stay, failing to have the
 31-5 appointment vacated;

31-6 (7) if a partner is an individual:

31-7 (A) the partner's death;

31-8 (B) the appointment of a guardian or general
 31-9 conservator for the partner; or

31-10 (C) a judicial determination that the partner has
 31-11 otherwise become incapable of performing the partner's duties under
 31-12 the partnership agreement;

31-13 (8) termination of a partner's existence;

31-14 (9) if a partner has transferred all of the partner's
 31-15 partnership interest, redemption of the transferee's interest
 31-16 under Section 152.611; or

31-17 (10) an agreement to continue the partnership under
 31-18 Section 11.057(d) [~~11.057(b)~~] if the partnership has received a
 31-19 notice from the partner under Section 11.057(d) [~~11.057(a)(6)~~]
 31-20 requesting that the partnership be wound up ~~+, or~~

31-21 [~~(11) a conversion of the partnership if the partner:~~

31-22 [~~(A) did not consent to the conversion; and~~

31-23 [~~(B) failed to notify the partnership in writing~~
 31-24 ~~of the partner's desire not to withdraw within 60 days after the~~
 31-25 ~~later of:~~

31-26 [~~(i) the effective date of the conversion;~~

31-27 ~~or~~

31-28 [~~(ii) the date the partner receives actual~~
 31-29 ~~notice of the conversion].~~

31-30 SECTION 108. Section 152.503(b), Business Organizations
 31-31 Code, is amended to read as follows:

31-32 (b) A partner's withdrawal is wrongful only if:

31-33 (1) the withdrawal breaches an express provision of
 31-34 the partnership agreement;

31-35 (2) in the case of a partnership that has a period of
 31-36 duration, is for a [definite term or] particular undertaking, or is
 31-37 required under its [for which the] partnership agreement to wind up
 31-38 the partnership [provides for winding up] on occurrence of a
 31-39 specified event, before the expiration of the period of duration
 31-40 [term], the completion of the undertaking, or the occurrence of the
 31-41 event, as appropriate:

31-42 (A) the partner withdraws by express will;

31-43 (B) the partner withdraws by becoming a debtor in
 31-44 bankruptcy; or

31-45 (C) in the case of a partner that is not an
 31-46 individual, a trust other than a business trust, or an estate, the
 31-47 partner is expelled or otherwise withdraws because the partner
 31-48 wilfully dissolved or terminated; or

31-49 (3) the partner is expelled by judicial decree under
 31-50 Section 152.501(b)(5).

31-51 SECTION 109. Section 152.602(b), Business Organizations
 31-52 Code, is amended to read as follows:

31-53 (b) The redemption price of the partnership interest of a
 31-54 partner who wrongfully withdraws before the expiration of the
 31-55 partnership's period of duration [a definite term], the completion
 31-56 of a particular undertaking, or the occurrence of a specified event
 31-57 requiring a winding up of partnership business is the lesser of:

31-58 (1) the fair value of the withdrawn partner's
 31-59 partnership interest on the date of withdrawal; or

31-60 (2) the amount that the withdrawn partner would have
 31-61 received if an event requiring a winding up of partnership business
 31-62 had occurred at the time of the partner's withdrawal.

31-63 SECTION 110. Section 152.608(a), Business Organizations
 31-64 Code, is amended to read as follows:

31-65 (a) A partner who wrongfully withdraws before the
 31-66 expiration of the partnership's period of duration [a definite
 31-67 term], the completion of a particular undertaking, or the
 31-68 occurrence of a specified event requiring a winding up of
 31-69 partnership business is not entitled to receive any portion of the

32-1 redemption price until the expiration of the period [~~term~~], the
 32-2 completion of the undertaking, or the occurrence of the specified
 32-3 event, as appropriate, unless the partner establishes to the
 32-4 satisfaction of a court that earlier payment will not cause undue
 32-5 hardship to the partnership.

32-6 SECTION 111. Section 152.611(a), Business Organizations
 32-7 Code, is amended to read as follows:

32-8 (a) A partnership must redeem the partnership interest of a
 32-9 transferee for its fair value if:

32-10 (1) the interest was transferred when:

32-11 (A) the partnership had a period of duration that
 32-12 had [~~was for a definite term~~] not yet expired;

32-13 (B) the partnership was for a particular
 32-14 undertaking not yet completed; or

32-15 (C) the partnership agreement provided for
 32-16 winding up of the partnership business on a specified event that had
 32-17 not yet occurred;

32-18 (2) the partnership's period of duration [~~definite~~
 32-19 ~~term of the partnership~~] has expired, the particular undertaking
 32-20 has been completed, or the specified event has occurred; and

32-21 (3) the transferee makes a written demand for
 32-22 redemption.

32-23 SECTION 112. Section 152.709, Business Organizations Code,
 32-24 is amended to read as follows:

32-25 Sec. 152.709. CANCELLATION OR REVOCATION OF EVENT REQUIRING
 32-26 WINDING UP; CONTINUATION OF PARTNERSHIP. (a) If a partnership has
 32-27 a period of duration, is for a particular undertaking, or is
 32-28 required under its partnership agreement to wind up the partnership
 32-29 on occurrence of a specified event, all of the partners in the
 32-30 partnership may cancel under Section 11.152 an event requiring a
 32-31 winding up specified in Section 11.051(1) or (3), or Section
 32-32 11.057(c)(1), by agreeing [~~all the partners in a partnership for a~~
 32-33 ~~definite term or for a particular undertaking or for which the~~
 32-34 ~~partnership agreement provides for winding up on a specified event~~
 32-35 ~~agree~~] to continue the partnership business notwithstanding the
 32-36 expiration of the partnership's period of duration [~~term~~], the
 32-37 completion of the undertaking, or the occurrence of the event, as
 32-38 appropriate, other than the withdrawal of a partner. On reaching
 32-39 that agreement, the event requiring a winding up is canceled, the
 32-40 partnership is continued, and the partnership agreement is
 32-41 considered amended to provide that the expiration, the completion,
 32-42 or the occurrence of the event did not result in an event requiring
 32-43 [the] winding up of the partnership [~~business~~].

32-44 (b) A continuation of the business for 90 days by the
 32-45 partners or those who habitually acted in the business during the
 32-46 partnership's period of duration [~~term~~] or the undertaking or
 32-47 preceding the event, without a settlement or liquidation of the
 32-48 partnership business and without objection from a partner, is prima
 32-49 facie evidence of agreement by all partners to continue the
 32-50 business under Subsection (a).

32-51 (c) All of the partners of a partnership, by agreeing to
 32-52 continue the partnership, may cancel under Section 11.152 an event
 32-53 requiring winding up specified in Section 11.057(d) that arises
 32-54 from a request to wind up from a partner. [~~The continuation of the~~
 32-55 ~~business by the other partners or by those who habitually acted in~~
 32-56 ~~the business before the notice under Section 11.057(b), other than~~
 32-57 ~~the partner giving the notice, without any settlement or~~
 32-58 ~~liquidation of the partnership business, is prima facie evidence of~~
 32-59 ~~an agreement to continue the partnership under Section 11.057(b).~~]

32-60 (d) To approve a revocation under Section 11.151 by a
 32-61 partnership of a voluntary decision to wind up pursuant to the
 32-62 express will of all the partners as specified in Section 11.057(b)
 32-63 [~~11.057(a)(2) or (3)~~], prior to completion of the winding up
 32-64 process, all the partners must agree in writing to revoke the
 32-65 voluntary decision to wind up and to continue the business of the
 32-66 partnership.

32-67 (e) To approve a revocation under Section 11.151 by a
 32-68 partnership of a voluntary decision to wind up pursuant to the
 32-69 express will of a majority-in-interest of the partners as specified

33-1 in Section 11.057(a) [~~11.057(a)(1)~~], prior to completion of the
 33-2 winding up process, a majority-in-interest of the partners must
 33-3 agree in writing to revoke the voluntary decision to wind up and to
 33-4 continue the business of the partnership.

33-5 (f) All of the partners of a partnership, by agreeing to
 33-6 continue the partnership, may cancel under Section 11.152 an event
 33-7 requiring winding up specified in Section 11.057(c)(3) that arises
 33-8 from the sale of all or substantially all of the property of the
 33-9 partnership.

33-10 SECTION 113. Section 152.901(b), Business Organizations
 33-11 Code, is amended to read as follows:

33-12 (b) A foreign limited liability partnership may not be
 33-13 denied registration because of a difference between the laws of the
 33-14 jurisdiction [~~state~~] under which the partnership is formed and the
 33-15 laws of this state.

33-16 SECTION 114. Section 152.902, Business Organizations Code,
 33-17 is amended to read as follows:

33-18 Sec. 152.902. NAME. The name of a foreign limited
 33-19 liability partnership must:

33-20 (1) satisfy the requirements of the jurisdiction
 33-21 [~~state~~] of formation; and

33-22 (2) comply with Section 5.063.

33-23 SECTION 115. The heading to Section 152.905, Business
 33-24 Organizations Code, is amended to read as follows:

33-25 Sec. 152.905. REGISTRATION PROCEDURE [~~STATEMENT OF FOREIGN~~
 33-26 ~~QUALIFICATION~~].

33-27 SECTION 116. Sections 152.905(c) and (e), Business
 33-28 Organizations Code, are amended to read as follows:

33-29 (c) A partnership is registered as a foreign limited
 33-30 liability partnership on:

33-31 (1) the date on which a completed initial or renewal
 33-32 application for registration [~~statement of foreign qualification~~]
 33-33 is filed with the secretary of state in accordance with Chapter 4;
 33-34 or

33-35 (2) a later date specified in the application
 33-36 [~~statement~~].

33-37 (e) The registration of a foreign limited liability
 33-38 partnership is effective until the first anniversary of the date
 33-39 after the date of registration or a later effective date, unless the
 33-40 registration [~~statement~~] is:

33-41 (1) withdrawn or revoked at an earlier time; or

33-42 (2) renewed in accordance with Section 152.908.

33-43 SECTION 117. Section 152.908(b), Business Organizations
 33-44 Code, is amended to read as follows:

33-45 (b) The renewal application must contain:

33-46 (1) current information required for an initial
 33-47 application for registration [~~statement of qualification~~]; and

33-48 (2) the most recent date of registration of the
 33-49 partnership.

33-50 SECTION 118. The heading to Section 152.910, Business
 33-51 Organizations Code, is amended to read as follows:

33-52 Sec. 152.910. EFFECT OF FAILURE TO REGISTER [~~QUALIFY~~].

33-53 SECTION 119. Section 152.914(b), Business Organizations
 33-54 Code, is amended to read as follows:

33-55 (b) If it appears to the secretary of state that, with
 33-56 respect to a foreign limited liability partnership, a circumstance
 33-57 described by Subsection (a) exists, the secretary of state shall
 33-58 provide notice to the partnership in the same manner and to the same
 33-59 extent as notice is required to be provided to a foreign filing
 33-60 entity under Sections 9.101 [~~9.101(a)~~] and 9.102 [~~9.102(a)~~].

33-61 SECTION 120. Section 153.052(b), Business Organizations
 33-62 Code, is amended to read as follows:

33-63 (b) A certificate of formation may be amended to state the
 33-64 name, mailing address, and street address of the business or
 33-65 residence of each person winding up the limited partnership's
 33-66 affairs if, after an event requiring the winding up of a limited
 33-67 partnership but before the limited partnership is reconstituted or
 33-68 a certificate of termination is filed as provided by Section 11.101
 33-69 [~~153.451~~]:

34-1 (1) the certificate of formation has been amended to
 34-2 reflect the withdrawal of all general partners; or

34-3 (2) a person who is not shown on the certificate of
 34-4 formation as a general partner is carrying out the winding up of a
 34-5 limited partnership's affairs.

34-6 SECTION 121. Section 153.103, Business Organizations Code,
 34-7 is amended to read as follows:

34-8 Sec. 153.103. ACTIONS NOT CONSTITUTING PARTICIPATION IN
 34-9 BUSINESS FOR LIABILITY PURPOSES. For purposes of this section and
 34-10 Sections 153.102, 153.104, and 153.105, a limited partner does not
 34-11 participate in the control of the business because the limited
 34-12 partner has or has acted in one or more of the following capacities
 34-13 or possesses or exercises one or more of the following powers:

34-14 (1) acting as:

34-15 (A) a contractor for or an agent or employee of
 34-16 the limited partnership;

34-17 (B) a contractor for or an agent or employee of a
 34-18 general partner;

34-19 (C) an officer, director, or stockholder of a
 34-20 corporate general partner;

34-21 (D) a partner of a partnership that is a general
 34-22 partner of the limited partnership; or

34-23 (E) a member or manager of a limited liability
 34-24 company that is a general partner of the limited partnership;

34-25 (2) acting in a capacity similar to that described in
 34-26 Subdivision (1) with any other person that is a general partner of
 34-27 the limited partnership;

34-28 (3) consulting with or advising a general partner on
 34-29 any matter, including the business of the limited partnership;

34-30 (4) acting as surety, guarantor, or endorser for the
 34-31 limited partnership, guaranteeing or assuming one or more specific
 34-32 obligations of the limited partnership, or providing collateral for
 34-33 borrowings of the limited partnership;

34-34 (5) calling, requesting, attending, or participating
 34-35 in a meeting of the partners or the limited partners;

34-36 (6) winding up the business of a limited partnership
 34-37 under Chapter 11 and Subchapter K of this chapter;

34-38 (7) taking an action required or permitted by law to
 34-39 bring, pursue, settle, or otherwise terminate a derivative action
 34-40 in the right of the limited partnership;

34-41 (8) serving on a committee of the limited partnership
 34-42 or the limited partners; or

34-43 (9) proposing, approving, or disapproving, by vote or
 34-44 otherwise, one or more of the following matters:

34-45 (A) the ~~[dissolution or]~~ winding up or
 34-46 termination of the limited partnership;

34-47 (B) an election to reconstitute the limited
 34-48 partnership or continue the business of the limited partnership;

34-49 (C) the sale, exchange, lease, mortgage,
 34-50 assignment, pledge, or other transfer of, or granting of a security
 34-51 interest in, an asset of the limited partnership;

34-52 (D) the incurring, renewal, refinancing, or
 34-53 payment or other discharge of indebtedness by the limited
 34-54 partnership;

34-55 (E) a change in the nature of the business of the
 34-56 limited partnership;

34-57 (F) the admission, removal, or retention of a
 34-58 general partner;

34-59 (G) the admission, removal, or retention of a
 34-60 limited partner;

34-61 (H) a transaction or other matter involving an
 34-62 actual or potential conflict of interest;

34-63 (I) an amendment to the partnership agreement or
 34-64 certificate of formation;

34-65 (J) if the limited partnership is qualified as an
 34-66 investment company under the federal Investment Company Act of 1940
 34-67 (15 U.S.C. Section 80a-1 et seq.), as amended, any matter required
 34-68 by that Act or the rules and regulations of the Securities and
 34-69 Exchange Commission under that Act, to be approved by the holders of

35-1 beneficial interests in an investment company, including:
 35-2 (i) electing directors or trustees of the
 35-3 investment company;
 35-4 (ii) approving or terminating an investment
 35-5 advisory or underwriting contract;
 35-6 (iii) approving an auditor; and
 35-7 (iv) acting on another matter that that Act
 35-8 requires to be approved by the holders of beneficial interests in
 35-9 the investment company;
 35-10 (K) indemnification of a general partner under
 35-11 Chapter 8 or otherwise;
 35-12 (L) any other matter stated in the partnership
 35-13 agreement;
 35-14 (M) the exercising of a right or power granted or
 35-15 permitted to limited partners under this code and not specifically
 35-16 enumerated in this section; or
 35-17 (N) the merger or conversion of a limited
 35-18 partnership.

35-19 SECTION 122. Section 153.155(a), Business Organizations
 35-20 Code, is amended to read as follows:

35-21 (a) A person ceases to be a general partner of a limited
 35-22 partnership on the occurrence of one or more of the following events
 35-23 of withdrawal:

35-24 (1) the general partner withdraws as a general partner
 35-25 from the limited partnership as provided by Subsection (b);

35-26 (2) the general partner ceases to be a general partner
 35-27 of the limited partnership as provided by Section 153.252(b);

35-28 (3) the general partner is removed as a general
 35-29 partner in accordance with the partnership agreement;

35-30 (4) unless otherwise provided by a written partnership
 35-31 agreement, or with the written consent of all partners, the general
 35-32 partner:

35-33 (A) makes a general assignment for the benefit of
 35-34 creditors;

35-35 (B) files a voluntary bankruptcy petition;

35-36 (C) becomes the subject of an order for relief or
 35-37 is declared insolvent in a federal or state bankruptcy or
 35-38 insolvency proceeding;

35-39 (D) files a petition or answer seeking for the
 35-40 general partner a reorganization, arrangement, composition,
 35-41 readjustment, liquidation, winding up, termination, dissolution,
 35-42 or similar relief under law;

35-43 (E) files a pleading admitting or failing to
 35-44 contest the material allegations of a petition filed against the
 35-45 general partner in a proceeding of the type described by Paragraphs
 35-46 (A)-(D); or

35-47 (F) seeks, consents to, or acquiesces in the
 35-48 appointment of a trustee, receiver, or liquidator of the general
 35-49 partner or of all or a substantial part of the general partner's
 35-50 properties;

35-51 (5) unless otherwise provided by a written partnership
 35-52 agreement or with the written consent of all partners, the
 35-53 expiration of:

35-54 (A) 120 days after the date of the commencement
 35-55 of a proceeding against the general partner seeking reorganization,
 35-56 arrangement, composition, readjustment, liquidation, dissolution,
 35-57 or similar relief under law if the proceeding has not been
 35-58 previously dismissed;

35-59 (B) 90 days after the date of the appointment,
 35-60 without the general partner's consent, of a trustee, receiver, or
 35-61 liquidator of the general partner or of all or a substantial part of
 35-62 the general partner's properties if the appointment has not
 35-63 previously been vacated or stayed; or

35-64 (C) 90 days after the date of expiration of a
 35-65 stay, if the appointment has not previously been vacated;

35-66 (6) the death of a general partner;

35-67 (7) a court adjudicating a general partner who is an
 35-68 individual mentally incompetent to manage the general partner's
 35-69 person or property;

36-1 (8) unless otherwise provided by a written partnership
 36-2 agreement or with the written consent of all partners, the
 36-3 commencement of winding up activities intended to conclude in the
 36-4 termination of a trust that is a general partner, but not merely the
 36-5 substitution of a new trustee;

36-6 (9) unless otherwise provided by a written partnership
 36-7 agreement or with the written consent of all partners, the
 36-8 commencement of winding up activities of a separate partnership
 36-9 that is a general partner;

36-10 (10) unless otherwise provided by a written
 36-11 partnership agreement or with the written consent of all partners,
 36-12 the:

36-13 (A) filing of a certificate of termination or its
 36-14 equivalent for an entity, other than a nonfiling entity or a foreign
 36-15 nonfiling entity, that is a general partner; or

36-16 (B) termination or revocation of the certificate
 36-17 of formation or its equivalent of an entity, other than a nonfiling
 36-18 entity or a foreign nonfiling entity, that is a general partner and
 36-19 the expiration of 90 days after the date of notice to the entity of
 36-20 termination or revocation without a reinstatement of its
 36-21 certificate of formation or its equivalent; or

36-22 (11) the distribution by the fiduciary of an estate
 36-23 that is a general partner of the estate's entire interest in the
 36-24 limited partnership.

36-25 SECTION 123. Section 153.157, Business Organizations Code,
 36-26 is amended to read as follows:

36-27 Sec. 153.157. WITHDRAWAL OF GENERAL PARTNER IN VIOLATION OF
 36-28 PARTNERSHIP AGREEMENT. Unless otherwise provided by the
 36-29 partnership agreement, a withdrawal by a general partner of a
 36-30 partnership having a period of duration [~~for a definite term~~] or for
 36-31 a particular undertaking before the expiration of that period
 36-32 [~~term~~] or completion of that undertaking is a breach of the
 36-33 partnership agreement.

36-34 SECTION 124. Section 153.251(b), Business Organizations
 36-35 Code, is amended to read as follows:

36-36 (b) Except as otherwise provided by the partnership
 36-37 agreement, an assignment of a partnership interest:

36-38 (1) does not require the winding up of [~~dissolve~~] a
 36-39 limited partnership;

36-40 (2) does not entitle the assignee to become, or to
 36-41 exercise rights or powers of, a partner; and

36-42 (3) entitles the assignee to be allocated income,
 36-43 gain, loss, deduction, credit, or similar items and to receive
 36-44 distributions to which the assignor was entitled to the extent
 36-45 those items are assigned.

36-46 SECTION 125. Section 153.256, Business Organizations Code,
 36-47 is amended to read as follows:

36-48 Sec. 153.256. PARTNER'S PARTNERSHIP INTEREST SUBJECT TO
 36-49 CHARGING ORDER [~~CHARGE IN PAYMENT OF JUDGMENT CREDITOR~~]. (a) On
 36-50 application [~~to a court~~] by a judgment creditor of a partner or of
 36-51 any other owner of a partnership interest, a [~~the~~] court having
 36-52 jurisdiction may [+

36-53 [~~(1)~~] charge the partnership interest of the judgment
 36-54 debtor to satisfy the judgment [~~partner or other owner with payment~~
 36-55 of the unsatisfied amount of the judgment, with interest,

36-56 [~~(2)~~] appoint a receiver for the debtor partner's share
 36-57 of the partnership's profits and other money payable or that
 36-58 becomes payable to the debtor partner with respect to the limited
 36-59 partnership, and

36-60 [~~(3)~~] make other orders, directions, and inquiries that
 36-61 the circumstances of the case require].

36-62 (b) To the extent that the partnership interest is charged
 36-63 in the manner provided by Subsection (a), the judgment creditor has
 36-64 only the right to receive any distribution to which the judgment
 36-65 debtor would otherwise be entitled in respect [~~rights of an~~
 36-66 assignee] of the partnership interest.

36-67 (c) A charging order constitutes a lien on the judgment
 36-68 debtor's [~~The~~] partnership interest [~~charged may be~~

36-69 [~~(1)~~] redeemed at any time before foreclosure, or

37-1 ~~[(2) in case of a sale directed by the court, and~~
 37-2 ~~without constituting an event requiring winding up, purchased:~~

37-3 ~~[(A) by one or more of the general partners with~~
 37-4 ~~separate property of any general partner; or~~

37-5 ~~[(B) with respect to partnership property, by one~~
 37-6 ~~or more of the general partners whose interests are not charged, on~~
 37-7 ~~the consent of all general partners whose interests are not charged~~
 37-8 ~~and a majority in interest of the limited partners, excluding~~
 37-9 ~~limited partnership interests held by a general partner whose~~
 37-10 ~~interest is charged].~~

37-11 (d) The entry of a charging order is the [remedies provided
 37-12 by Subsection (a) are] exclusive remedy by which a judgment
 37-13 creditor of a partner or of any other owner of a partnership
 37-14 interest may satisfy a judgment out of the judgment debtor's
 37-15 partnership interest [of other remedies that may exist, including
 37-16 remedies under laws of this state applicable to partnerships
 37-17 without limited partners].

37-18 (e) This section does not deprive a partner or other owner
 37-19 of a partnership interest of a right under exemption laws with
 37-20 respect to the judgment debtor's partnership interest.

37-21 (f) A creditor of a partner or of any other owner of a
 37-22 partnership interest does not have the right to obtain possession
 37-23 of, or otherwise exercise legal or equitable remedies with respect
 37-24 to, the property of the limited partnership.

37-25 SECTION 126. Section 153.501, Business Organizations Code,
 37-26 is amended to read as follows:

37-27 Sec. 153.501. CANCELLATION OR REVOCATION OF EVENT REQUIRING
 37-28 WINDING UP; CONTINUATION OF BUSINESS [WITHOUT WINDING UP]. (a)
 37-29 The limited partnership may cancel under Section 11.152 an event
 37-30 requiring winding up arising from the expiration of its period of
 37-31 duration as specified in Section 11.051(1) or from the occurrence
 37-32 of an event specified in its governing documents as specified in
 37-33 Section 11.051(3) [11.051(1) or (3)] if, not later than the 90th day
 37-34 after the event, all remaining partners, or another group or
 37-35 percentage of partners as specified by the partnership agreement,
 37-36 agree in writing to continue the business of the limited
 37-37 partnership.

37-38 (b) The limited partnership may cancel under Section 11.152
 37-39 [revoke] an event requiring winding up arising from an event of
 37-40 withdrawal of a general partner as specified in Section 11.058(b)
 37-41 [11.058(2)] if:

37-42 (1) there remains at least one general partner and the
 37-43 partnership agreement permits the business of the limited
 37-44 partnership to be carried on by the remaining general partners and
 37-45 those remaining general partners carry on the business; or

37-46 (2) not later than one year after the event, all
 37-47 remaining partners, or another group or percentage of partners
 37-48 specified in the partnership agreement:

37-49 (A) agree in writing to continue the business of
 37-50 the limited partnership in writing; and

37-51 (B) to the extent that they desire or if there are
 37-52 no remaining general partners, agree to the appointment of one or
 37-53 more new general partners.

37-54 (c) The appointment of one or more new general partners
 37-55 under Subsection (b)(2)(B) is effective from the date of
 37-56 withdrawal.

37-57 (d) To approve a revocation under Section 11.151 by a
 37-58 limited partnership of a voluntary decision to wind up as specified
 37-59 in Section 11.058(a) [11.058(1)], prior to filing the certificate
 37-60 of termination required by Section 11.101 [153.451], all remaining
 37-61 partners, or another group or percentage of partners as specified
 37-62 by the partnership agreement, must agree in writing to revoke the
 37-63 voluntary decision to wind up and continue the business of the
 37-64 limited partnership.

37-65 (e) The limited partnership may cancel under Section 11.152
 37-66 an event requiring winding up arising when there are no limited
 37-67 partners in the limited partnership, as specified in Section
 37-68 11.058(c), if, not later than the first anniversary of the date of
 37-69 the event requiring winding up:

38-1 (1) the legal representative or successor of the last
 38-2 remaining limited partner and all of the general partners agree to:

38-3 (A) continue the business of the limited
 38-4 partnership; and

38-5 (B) admit the legal representative or successor
 38-6 of the last remaining limited partner, or the person's nominee or
 38-7 designee, to the limited partnership as a limited partner,
 38-8 effective as of the date the event that caused the last remaining
 38-9 limited partner to cease to be a limited partner occurred; or

38-10 (2) a limited partner is admitted to the limited
 38-11 partnership in the manner provided by the partnership agreement,
 38-12 effective as of the date the event that caused the last remaining
 38-13 limited partner to cease to be a limited partner occurred.

38-14 SECTION 127. Section 153.503(a), Business Organizations
 38-15 Code, is amended to read as follows:

38-16 (a) After the occurrence of an event requiring [the] winding
 38-17 up of a limited partnership and until the filing of a certificate of
 38-18 termination as provided by Section 11.101 [~~Sections 153.451 and~~
 38-19 ~~153.452~~], unless a written partnership agreement provides
 38-20 otherwise, a person winding up the limited partnership's business
 38-21 in the name of and on behalf of the limited partnership may take the
 38-22 actions specified in Sections 11.052 and 11.053.

38-23 SECTION 128. Subchapter K, Chapter 153, Business
 38-24 Organizations Code, is amended by adding Section 153.505 to read as
 38-25 follows:

38-26 Sec. 153.505. APPROVAL OF REINSTATEMENT. To approve a
 38-27 reinstatement of a limited partnership under Section 11.202, all of
 38-28 the remaining partners, or another group or percentage of partners
 38-29 as specified by the partnership agreement, must agree in writing to
 38-30 reinstate and continue the business of the limited partnership.

38-31 SECTION 129. Section 153.551(a), Business Organizations
 38-32 Code, is amended to read as follows:

38-33 (a) A domestic limited partnership shall maintain the
 38-34 following records in its principal office in the United States or
 38-35 make the records available in that office not later than the fifth
 38-36 day after the date on which a written request under Section
 38-37 153.552(a) is received:

38-38 (1) a current list that states:

38-39 (A) the name and mailing address of each partner,
 38-40 separately identifying in alphabetical order the general partners
 38-41 and the limited partners;

38-42 (B) the last known street address of the business
 38-43 or residence of each general partner;

38-44 (C) the percentage or other interest in the
 38-45 partnership owned by each partner; and

38-46 (D) if one or more classes or groups are
 38-47 established under the partnership agreement, the names of the
 38-48 partners who are members of each specified class or group;

38-49 (2) a copy of:

38-50 (A) the limited partnership's federal, state,
 38-51 and local information or income tax returns for each of the
 38-52 partnership's six most recent tax years;

38-53 (B) the partnership agreement and certificate of
 38-54 formation; and

38-55 (C) all amendments or restatements;

38-56 (3) copies of any document that creates, in the manner
 38-57 provided by the partnership agreement, classes or groups of
 38-58 partners;

38-59 (4) an executed copy of any powers of attorney under
 38-60 which the partnership agreement, certificate of formation, and all
 38-61 amendments or restatements to the agreement and certificate have
 38-62 been executed;

38-63 (5) unless contained in the written partnership
 38-64 agreement, a written statement of:

38-65 (A) the amount of the cash contribution and a
 38-66 description and statement of the agreed value of any other
 38-67 contribution made by each partner;

38-68 (B) the amount of the cash contribution and a
 38-69 description and statement of the agreed value of any other

39-1 contribution that the partner has agreed to make in the future as an
39-2 additional contribution;

39-3 (C) the date on which additional contributions
39-4 are to be made or the date of events requiring additional
39-5 contributions to be made;

39-6 (D) the events requiring the winding up of the
39-7 limited partnership [~~to be dissolved and its affairs wound up~~]; and

39-8 (E) the date on which each partner in the limited
39-9 partnership became a partner; and

39-10 (6) books and records of the accounts of the limited
39-11 partnership.

39-12 SECTION 130. The heading to Section 153.553, Business
39-13 Organizations Code, is amended to read as follows:

39-14 Sec. 153.553. EXECUTION OF [~~CERTAIN~~] FILINGS.

39-15 SECTION 131. Section 153.553, Business Organizations Code,
39-16 is amended by amending Subsection (a) and adding Subsection (a-1)
39-17 to read as follows:

39-18 (a) Except as provided by Subsection (a-1), a filing
39-19 instrument [~~Each certificate~~] required by this code to be filed by a
39-20 limited partnership with the secretary of state must be signed by at
39-21 least one general partner.

39-22 (a-1) The following certificates shall be executed as
39-23 follows:

39-24 (1) an initial certificate of formation must be signed
39-25 as provided in Section 3.004(b)(1) [~~, except for an initial~~
39-26 ~~certificate of formation signed by a person under Section~~
39-27 ~~153.106(1)];~~

39-28 (2) a certificate of amendment or restated certificate
39-29 of formation must be signed by at least one general partner and by
39-30 each other general partner designated in the certificate of
39-31 amendment as a new general partner, unless signed and filed by a
39-32 person under Section 153.052(b) or (c), [~~153.052(c), or~~
39-33 ~~153.106(1)] but the certificate of amendment need not be signed by~~
39-34 a withdrawing general partner;

39-35 (3) a certificate of termination must be signed by all
39-36 general partners participating in the winding up of the limited
39-37 partnership's business or, if no general partners are winding up
39-38 the limited partnership's business, by all nonpartner liquidators
39-39 or, if the limited partners are winding up the limited
39-40 partnership's business, by a majority-in-interest of the limited
39-41 partners;

39-42 (4) a certificate of merger, conversion, or exchange
39-43 filed on behalf of a domestic limited partnership must be signed as
39-44 provided by Chapter 10; and

39-45 (5) a certificate filed under Subchapter G, Chapter
39-46 10, [~~Section 10.251~~] must be signed by the person designated by the
39-47 court [~~, and~~

39-48 [~~(6) a certificate of correction must be signed by at~~
39-49 ~~least one general partner].~~

39-50 SECTION 132. Section 200.261(a), Business Organizations
39-51 Code, is amended to read as follows:

39-52 (a) In this section, a "fundamental action" means:

39-53 (1) an amendment of a certificate of formation,
39-54 including an amendment required for cancellation of an event
39-55 requiring winding up in accordance with Section 11.152(b);

39-56 (2) a voluntary winding up under Chapter 11;

39-57 (3) a revocation of a voluntary decision to wind up
39-58 under Section 11.151;

39-59 (4) a cancellation of an event requiring winding up
39-60 under Section 11.152(a) [~~11.152~~]; or

39-61 (5) a reinstatement under Section 11.202.

39-62 SECTION 133. Section 251.403, Business Organizations Code,
39-63 is amended to read as follows:

39-64 Sec. 251.403. DISTRIBUTION OF ASSETS. Subject to Sections
39-65 11.052 and 11.053(a), the trustees designated under Section 251.401
39-66 shall distribute the cooperative association's assets in the
39-67 following order:

39-68 (1) by returning the par value of the investors'
39-69 capital to investors;

40-1 (2) by returning the amounts paid on subscriptions to
40-2 subscribers for invested capital;

40-3 (3) by returning the amount of patronage dividends
40-4 credited to patrons' accounts to the patrons;

40-5 (4) by returning to members their membership capital;
40-6 and

40-7 (5) by distributing any surplus in the manner provided
40-8 by the certificate of formation:

40-9 (A) among the patrons who have been members or
40-10 subscribers of the cooperative association during the six years
40-11 preceding the date of termination [~~dissolution~~], on the basis of
40-12 patronage during that period;

40-13 (B) as a gift to any cooperative association or
40-14 other nonprofit enterprise designated in the certificate of
40-15 formation; or

40-16 (C) by a combination of both methods of
40-17 distribution.

40-18 SECTION 134. Section 301.001(c), Business Organizations
40-19 Code, is amended to read as follows:

40-20 (c) This title does not apply to a partnership, including a
40-21 [partnerships or] limited liability partnership [partnerships].

40-22 SECTION 135. Section 301.003(3), Business Organizations
40-23 Code, is amended to read as follows:

40-24 (3) "Professional corporation" means a corporation
40-25 that is:

40-26 (A) formed for the purpose of providing a
40-27 professional service, other than the practice of medicine by
40-28 physicians, surgeons, or other doctors of medicine, that by law a
40-29 corporation governed by Title 2 is prohibited from rendering; and

40-30 (B) governed as a professional entity under this
40-31 title.

40-32 SECTION 136. Section 301.006(b), Business Organizations
40-33 Code, is amended to read as follows:

40-34 (b) A professional entity or foreign professional entity,
40-35 other than a professional association or foreign professional
40-36 association, may provide a professional service in this state only
40-37 through owners, managerial officials, employees, or agents, each of
40-38 whom is an authorized person.

40-39 SECTION 137. Section 303.006, Business Organizations Code,
40-40 is amended to read as follows:

40-41 Sec. 303.006. EXECUTION OF CERTIFICATE OF TERMINATION
40-42 [WINDING UP AND TERMINATION OF PROFESSIONAL CORPORATION]. (a)
40-43 Except as provided by Subsection (b), a certificate of termination
40-44 filed in accordance with Chapter 11 must be executed by an officer
40-45 of the professional corporation on behalf of the corporation.

40-46 (b) If a professional corporation does not have any living
40-47 officer, the certificate of termination must be executed by a
40-48 director of the corporation. If the professional corporation does
40-49 not have any living director, the certificate of termination must
40-50 be executed by the legal representative of the last living
40-51 director [A shareholder of a professional corporation may not wind
40-52 up the affairs of and terminate the corporation independently of
40-53 other shareholders] of the corporation.

40-54 SECTION 138. Section 402.001(a), Business Organizations
40-55 Code, is amended to read as follows:

40-56 (a) On or after the effective date of this code, this code
40-57 applies to:

40-58 (1) a domestic entity formed on or after the effective
40-59 date of this code;

40-60 (2) a domestic entity that is a converted entity
40-61 resulting from a conversion that takes effect on or after the
40-62 effective date of this code;

40-63 (3) a foreign filing entity, or other foreign entity,
40-64 that is not registered with the secretary of state to transact
40-65 business in this state before the effective date of this code; and

40-66 (4) ~~(3)~~ a foreign nonfiling entity, including a
40-67 foreign limited liability partnership.

40-68 SECTION 139. Section 402.003, Business Organizations Code,
40-69 is amended to read as follows:

41-1 Sec. 402.003. EARLY ADOPTION OF CODE BY EXISTING DOMESTIC
 41-2 ENTITY. [~~(a)~~] A domestic entity formed before the effective date
 41-3 of this code may voluntarily elect to adopt and become subject to
 41-4 this code by:

41-5 (1) adopting the code by complying with the procedures
 41-6 for approval, under prior law and [~~to amend~~] its governing
 41-7 documents, of an amendment to:

41-8 (A) its articles of incorporation, with respect
 41-9 to a corporation or cooperative association;

41-10 (B) its regulations, with respect to a limited
 41-11 liability company;

41-12 (C) its articles of association, with respect to
 41-13 a professional association;

41-14 (D) its declaration of trust, with respect to a
 41-15 real estate investment trust;

41-16 (E) its partnership agreement, with respect to a
 41-17 partnership; or

41-18 (F) its primary governing document, with respect
 41-19 to another type of domestic entity;

41-20 (2) if any of its governing documents, including its
 41-21 certificate of formation, do not comply with this code, complying
 41-22 with the procedures, under prior law and [~~adopt this code and, if~~
 41-23 necessary, to cause] its governing documents, to amend the
 41-24 noncomplying governing documents to comply with this code,
 41-25 including filing with the filing officer in accordance with Chapter
 41-26 4 a certificate of amendment to cause its certificate of formation
 41-27 to comply with this code; and

41-28 (3) [~~(2)~~] if the domestic entity is a filing entity,
 41-29 filing with the filing officer [~~secretary of state~~] in accordance
 41-30 with Chapter 4[~~+~~

41-31 [~~(A)~~] a statement that the filing entity is
 41-32 electing to adopt this code[~~, and~~

41-33 [~~(B)~~ if necessary, a certificate of amendment
 41-34 that would cause its certificate of formation to comply with this
 41-35 code.

41-36 [~~(b)~~ If amendments to the governing documents of a domestic
 41-37 entity that are necessary to conform the governing documents to
 41-38 this code would not require, under prior law, the vote or consent of
 41-39 the owners or members of the entity, this code and any amendment to
 41-40 the governing documents required by this section may be adopted by
 41-41 the governing authority only in the manner provided for an
 41-42 amendment of the particular governing document].

41-43 SECTION 140. Article 2.32, Texas Business Corporation Act,
 41-44 is amended by amending Section A and adding Section E to read as
 41-45 follows:

41-46 A. The board of directors of a corporation shall consist of
 41-47 one or more members. The number of directors shall be fixed by, or
 41-48 in the manner provided in, the articles of incorporation or the
 41-49 bylaws, except as to the number constituting the initial board of
 41-50 directors, which number shall be fixed by the articles of
 41-51 incorporation. The number of directors may be increased or
 41-52 decreased from time to time by amendment to, or in the manner
 41-53 provided in, the articles of incorporation or the bylaws, but no
 41-54 decrease shall have the effect of shortening the term of any
 41-55 incumbent director. In the absence of a bylaw or a provision of the
 41-56 articles of incorporation fixing the number of directors or
 41-57 providing for the manner in which the number of directors shall be
 41-58 fixed, the number of directors shall be the same as the number
 41-59 constituting the initial board of directors as fixed by the
 41-60 articles of incorporation. The names and addresses of the members
 41-61 of the initial board of directors shall be stated in the articles of
 41-62 incorporation. [~~Unless otherwise provided by the articles of~~
 41-63 ~~incorporation or the bylaws, a director may resign at any time by~~
 41-64 ~~giving notice in writing or by electronic transmission to the~~
 41-65 ~~corporation.] Absent resignation or removal in accordance with the
 41-66 provisions of the bylaws or the articles of incorporation, such
 41-67 persons shall hold office until the first annual meeting of
 41-68 shareholders, and until their successors shall have been elected
 41-69 and qualified. At the first annual meeting of shareholders and at~~

each annual meeting thereafter, the holders of shares entitled to vote in the election of directors shall elect directors to hold office until the next succeeding annual meeting, except in case of the classification of directors as permitted by this Act.

E. Unless otherwise provided by the articles of incorporation or the bylaws, a director may resign at any time by giving notice in writing or by electronic transmission to the corporation. The director's resignation takes effect on the date the notice is received by the corporation, unless the notice prescribes a later effective date or states that the resignation takes effect on the occurrence of a future event, such as the director's failure to receive a specified vote for reelection as a director. If the director's resignation is to take effect on a later date or on the occurrence of a future event, the resignation takes effect on the later date or when the event occurs. The director's resignation is irrevocable when it takes effect. The director's resignation is revocable before it takes effect unless the notice of resignation expressly states that it is irrevocable.

SECTION 141. Section A, Article 5.12, Texas Business Corporation Act, is amended to read as follows:

A. Any shareholder of any domestic corporation who has the right to dissent from any of the corporate actions referred to in Article 5.11 of this Act may exercise that right to dissent only by complying with the following procedures:

(1)(a) With respect to proposed corporate action that is submitted to a vote of shareholders at a meeting, the shareholder shall file with the corporation, prior to the meeting, a written objection to the action, setting out that the shareholder's right to dissent will be exercised if the action is effective and giving the shareholder's address, to which notice thereof shall be delivered or mailed in that event. If the action is effected and the shareholder shall not have voted in favor of the action, the corporation, in the case of action other than a merger, or the surviving or new corporation (foreign or domestic) or other entity that is liable to discharge the shareholder's right of dissent, in the case of a merger, shall, within ten (10) days after the action is effected, deliver or mail to the shareholder written notice that the action has been effected, and the shareholder may, within ten (10) days from the delivery or mailing of the notice, make written demand on the existing, surviving, or new corporation (foreign or domestic) or other entity, as the case may be, for payment of the fair value of the shareholder's shares. The fair value of the shares shall be the value thereof as of the day immediately preceding the meeting, excluding any appreciation or depreciation in anticipation of the proposed action. In computing the fair value of the shares under this article, consideration must be given to the value of the corporation as a going concern without including in the computation of value any ~~payment for a~~ control premium, any ~~or~~ minority discount, or any discount for lack of marketability. If the corporation has different classes or series of shares, the relative rights and preferences of and limitations placed on the class or series of shares, other than relative voting rights, held by the dissenting shareholder must be taken into account in the computation of value ~~[other than a discount attributable to the type of share held by the dissenting shareholder and any limitation placed on the rights and preference of those shares]~~. The demand shall state the number and class of the shares owned by the shareholder and the fair value of the shares as estimated by the shareholder. Any shareholder failing to make demand within the ten (10) day period shall be bound by the action.

(b) With respect to proposed corporate action that is approved pursuant to Section A of Article 9.10 of this Act, the corporation, in the case of action other than a merger, and the surviving or new corporation (foreign or domestic) or other entity that is liable to discharge the shareholder's right of dissent, in the case of a merger, shall, within ten (10) days after the date the action is effected, mail to each shareholder of record as of the effective date of the action notice of the fact and date of the action and that the shareholder may exercise the shareholder's

43-1 right to dissent from the action. The notice shall be accompanied
 43-2 by a copy of this Article and any articles or documents filed by the
 43-3 corporation with the Secretary of State to effect the action. If
 43-4 the shareholder shall not have consented to the taking of the
 43-5 action, the shareholder may, within twenty (20) days after the
 43-6 mailing of the notice, make written demand on the existing,
 43-7 surviving, or new corporation (foreign or domestic) or other
 43-8 entity, as the case may be, for payment of the fair value of the
 43-9 shareholder's shares. The fair value of the shares shall be the
 43-10 value thereof as of the date the written consent authorizing the
 43-11 action was delivered to the corporation pursuant to Section A of
 43-12 Article 9.10 of this Act, excluding any appreciation or
 43-13 depreciation in anticipation of the action. The demand shall state
 43-14 the number and class of shares owned by the dissenting shareholder
 43-15 and the fair value of the shares as estimated by the shareholder.
 43-16 Any shareholder failing to make demand within the twenty (20) day
 43-17 period shall be bound by the action.

43-18 (2) Within twenty (20) days after receipt by the
 43-19 existing, surviving, or new corporation (foreign or domestic) or
 43-20 other entity, as the case may be, of a demand for payment made by a
 43-21 dissenting shareholder in accordance with Subsection (1) of this
 43-22 Section, the corporation (foreign or domestic) or other entity
 43-23 shall deliver or mail to the shareholder a written notice that shall
 43-24 either set out that the corporation (foreign or domestic) or other
 43-25 entity accepts the amount claimed in the demand and agrees to pay
 43-26 that amount within ninety (90) days after the date on which the
 43-27 action was effected, and, in the case of shares represented by
 43-28 certificates, upon the surrender of the certificates duly endorsed,
 43-29 or shall contain an estimate by the corporation (foreign or
 43-30 domestic) or other entity of the fair value of the shares, together
 43-31 with an offer to pay the amount of that estimate within ninety (90)
 43-32 days after the date on which the action was effected, upon receipt
 43-33 of notice within sixty (60) days after that date from the
 43-34 shareholder that the shareholder agrees to accept that amount and,
 43-35 in the case of shares represented by certificates, upon the
 43-36 surrender of the certificates duly endorsed.

43-37 (3) If, within sixty (60) days after the date on which
 43-38 the corporate action was effected, the value of the shares is agreed
 43-39 upon between the shareholder and the existing, surviving, or new
 43-40 corporation (foreign or domestic) or other entity, as the case may
 43-41 be, payment for the shares shall be made within ninety (90) days
 43-42 after the date on which the action was effected and, in the case of
 43-43 shares represented by certificates, upon surrender of the
 43-44 certificates duly endorsed. Upon payment of the agreed value, the
 43-45 shareholder shall cease to have any interest in the shares or in the
 43-46 corporation.

43-47 SECTION 142. Article 4.06, Texas Limited Liability Company
 43-48 Act (Article 1528n, Vernon's Texas Civil Statutes), is amended to
 43-49 read as follows:

43-50 Art. 4.06. RIGHTS OF JUDGMENT CREDITOR. A. On application
 43-51 ~~[to a court of competent jurisdiction]~~ by a judgment creditor of a
 43-52 member or of any other owner of a membership interest, the court may
 43-53 charge the membership interest of the judgment debtor to satisfy
 43-54 ~~[member or other owner with payment of the unsatisfied amount of]~~
 43-55 the judgment. To ~~[Except as otherwise provided in the regulations~~
 43-56 ~~to]~~ the extent that the membership interest is charged in this
 43-57 manner, the judgment creditor has only the right to receive any
 43-58 distribution to which the judgment debtor would otherwise have been
 43-59 entitled in respect ~~[rights of an assignee]~~ of the membership
 43-60 interest.

43-61 B. A charging order constitutes a lien on the judgment
 43-62 debtor's membership interest.

43-63 C. The entry of a charging order is the exclusive remedy by
 43-64 which a judgment creditor of a member or of any other owner of a
 43-65 membership interest may satisfy a judgment out of the judgment
 43-66 debtor's membership interest.

43-67 D. This Section does not deprive any member or other owner
 43-68 of a membership interest of the benefit of any exemption laws
 43-69 applicable to the judgment debtor's ~~[that member's]~~ membership

44-1 interest.

44-2 E. A creditor of a member or of any other owner of a
 44-3 membership interest does not have the right to obtain possession
 44-4 of, or otherwise exercise legal or equitable remedies with respect
 44-5 to, the property of the limited liability company.

44-6 SECTION 143. Section 7.03, Texas Revised Limited
 44-7 Partnership Act (Article 6132a-1, Vernon's Texas Civil Statutes),
 44-8 is amended to read as follows:

44-9 Sec. 7.03. RIGHTS OF JUDGMENT CREDITOR. (a) On
 44-10 application [~~to a court of competent jurisdiction~~] by a judgment
 44-11 creditor of a partner or of any other owner of a partnership
 44-12 interest, the court may charge the partnership interest of the
 44-13 judgment debtor to satisfy the judgment [~~partner or other owner~~
 44-14 ~~with payment of the unsatisfied amount of the judgment, with~~
 44-15 ~~interest, may then or later appoint a receiver of the debtor~~
 44-16 ~~partner's share of the partnership's profits and of any other money~~
 44-17 ~~payable or that becomes payable to the debtor partner with respect~~
 44-18 ~~to the partnership, and may make all other orders, directions, and~~
 44-19 ~~inquiries that the circumstances of the case require]. To the~~
 44-20 extent that the partnership interest is charged in this manner, the
 44-21 judgment creditor has only the right to receive any distribution to
 44-22 which the judgment debtor would otherwise have been entitled in
 44-23 respect [~~rights of an assignee~~] of the partnership interest.

44-24 (b) A charging order constitutes a lien on the judgment
 44-25 debtor's [~~The~~] partnership interest [~~charged may be redeemed at any~~
 44-26 ~~time before foreclosure or, in case of a sale directed by the court,~~
 44-27 ~~may be purchased without a dissolution being caused:~~

44-28 [~~(1) with separate property of any general partner, by~~
 44-29 ~~any one or more of the general partners; or~~

44-30 [~~(2) with respect to partnership property, by any one~~
 44-31 ~~or more of the general partners whose interests are not charged, on~~
 44-32 ~~the consent of all general partners whose interests are not charged~~
 44-33 ~~and a majority in interest of the limited partners, excluding~~
 44-34 ~~limited partnership interests held by any general partner whose~~
 44-35 ~~interest is charged].~~

44-36 (c) The entry of a charging order is the [~~remedies provided~~
 44-37 ~~by Subsection (a) of this section are]~~ exclusive remedy by which a
 44-38 judgment creditor of a partner or of any other owner of a
 44-39 partnership interest may satisfy a judgment out of the judgment
 44-40 debtor's partnership interest [~~of others that may exist, including~~
 44-41 ~~remedies under laws of this state applicable to partnerships~~
 44-42 ~~without limited partners].~~

44-43 (d) This section does not deprive any partner or other owner
 44-44 of a partnership interest of the benefit of any exemption laws
 44-45 applicable to the judgment debtor's [~~that partner's~~] partnership
 44-46 interest.

44-47 (e) A creditor of a partner or of any other owner of a
 44-48 partnership interest does not have the right to obtain possession
 44-49 of, or otherwise exercise legal or equitable remedies with respect
 44-50 to, the property of the limited partnership.

44-51 SECTION 144. The following are repealed:

44-52 (1) Section 22.306, Business Organizations Code;

44-53 (2) Section 152.501(c), Business Organizations Code;

44-54 and

44-55 (3) Subchapter J, Chapter 153, Business Organizations
 44-56 Code.

44-57 SECTION 145. The changes in law made by this Act to Sections
 44-58 101.112 and 153.256, Business Organizations Code, Article 4.06,
 44-59 Texas Limited Liability Company Act (Article 1528n, Vernon's Texas
 44-60 Civil Statutes), and Section 7.03, Texas Revised Limited
 44-61 Partnership Act (Article 6132a-1, Vernon's Texas Civil Statutes),
 44-62 apply only to the rights of a judgment creditor of a judgment
 44-63 rendered on or after September 1, 2007. The rights of a judgment
 44-64 creditor of a judgment rendered before that date are governed by the
 44-65 law in effect when the judgment was rendered, and the former law is
 44-66 continued in effect for that purpose.

44-67 SECTION 146. This Act takes effect September 1, 2007.

44-68

* * * * *